

Saudis Are Cast as Chief Mediators

Riyadh Role Heightened as Syria Balks at U.S. Plan for Lebanon

By Bernard Gwertzman

WASHINGTON — Saudi Arabia's administration officials said today that Syria has refused to accept any plan that seems to have originated in Israel or the United States and Saudi Arabia has been left to take the lead in trying to resolve the current Middle East crisis.

The officials said Monday that the Saudis, deeply concerned about a new Arab-Israeli conflict, agreed to become more active diplomatically after President Reagan's special envoy, Philip C. Habib, reported to them that Syria was unresponsive to his ideas because President Habib al-Assad believed Washington was too closely allied with Israel.

Mr. Habib came here for consultations last week and is expected to return to the Middle East later this week. Officials said that his primary effort would be to maintain Israeli Prime Minister Menachem Begin's commitment not to attack the Syrian, anti-aircraft missiles in Lebanon as long as there is diplomatic activity. In addition, Mr. Habib will urge restraint among all parties and coordinate his work with the Saudis.

The Saudis have begun trying to persuade the Syrians, the Lebanese government and the different factions in Lebanon to work out a formula that would ease the tensions within Lebanon and provide the Syrians with an excuse to remove their troops and missiles from the vicinity of the Christian city of Zahle.

Mr. Habib has also been seeking to arrange the removal of the missiles, but it is now acknowledged within the administration that the chances for their withdrawal depend largely on the Saudi efforts.

Saudi Arabia's leverage on Syria and the Lebanese mainly involves its willingness to resume multimillion-dollar payments to Syria, to finance the rebuilding of the Lebanese armed forces and to contribute to reconstruction efforts in Lebanon, U.S. officials said.

In addition to the Saudis, administration officials said that Yasser Arafat, chairman of the Palestine Liberation Organization, has also been helpful behind the scenes in urging restraint on Syria.

Although the United States continues to avoid any direct contacts with the PLO as part of a six-year-old pledge to Israel, the State Department said Monday that it had asked United Nations Secretary-General Kurt Waldheim to urge all parties in the Middle East to act with restraint. Mr. Waldheim included the PLO in his efforts, officials said.

U.S. officials have distinguished between Mr. Arafat's efforts, which included going to Damascus to confer with Mr. Assad, and the stance of those Palestinian organizations who have not been so helpful.

Mr. Habib gave briefings to some Senate and House leaders Monday, while resolutions were introduced in both houses calling for a cease-fire in Lebanon and the removal of all

Syrian and Libyan missiles and forces from Lebanon soil.

The resolutions were introduced by Democratic Sens. Edward M. Kennedy of Massachusetts and Henry M. Jackson of Washington, and by Reps. Benjamin S. Rosenthal, Democrat of New York, and Edward J. Derwinski, an Illinois Republican. The measures were privately criticized by State Department officials who felt the congressional actions put too much open pressure on Syria.

Administration officials said that when it became clear to Mr. Habib that the Syrians were unlikely to view favorably any ideas he brought to them, he suggested returning to Washington for consultations.

U.S. Efforts Assailed

DAMASCUS (NYT) — Syrian Foreign Minister Abdel Halim Khaddam Monday denounced the United States' current Middle East diplomacy as warped in favor of Israel and contended that Saudi Arabia was not a mediator between Syria and "the Zionist foe."

Tishrin, a government-controlled newspaper that is particularly close to the thinking of Mr. Assad, gave striking prominence to its report of the foreign minister's criticism of Mr. Habib's shuttle diplomacy and his assertion that "our missiles entered Lebanon to remain, not to come out."

Jordan Bars Aid to Syria in War Polls Show

By Stuart Auerbach

AMMAN, Jordan — King Hussein Tuesday refused to offer either military or political help to neighboring Syria if it is attacked by Israel, which he blamed for escalating an already "disturbed, dangerous situation in the area" through its "intolerable" and "provocative" policies on the West Bank and in Lebanon.

"Jordan already has its hands full on the longest confrontation line with Israel," King Hussein said in answer to a direct question as to whether his country would help Syria in the event of an Israeli attack.

He thus became the only major Arab leader to refuse to offer aid to Syria, which has broken out of its isolation within the Arab world as a result of its current confrontation with Israel over its stationing

of anti-aircraft missiles in Lebanon's Bekaa Valley.

The 45-year-old monarch tempered his refusal to help Syria with a vague reference to Jordan's support of the resolutions of last month's Arab foreign ministers' meeting in Tunisia, which pledged support to the Damascus government if it is attacked by Israel.

"In the face of any Israeli threat, we are obviously all united," he said.

Peacekeeping Role

The king then criticized Syria's five-year role as a peacekeeper in Lebanon and suggested that it be replaced by a more representative Arab force that would try to reconcile the splintered political and religious factions there and then, after a specific time, "leave Lebanon as an independent state and a united people, as a country in peace."

King Hussein made his remarks in a 30-minute interview with four Western reporters in his office in the Basman Palace in Amman.

It was the first major statement by the Jordanian monarch since the current missile crisis exploded a little more than a month ago and came four days after he returned from his first trip to the Soviet Union since 1977.

The king spoke with feeling as he sounded an essentially pessimistic note. "An explosion could erupt in the area on a large scale and could cause all of us within the area and maybe within the world tremendous change; we are at a dangerous point," he said.

While not attacking the Camp David accords by name, he called for an international conference, perhaps under United Nations auspices, to engineer a comprehensive settlement.

Begin's Big Turnaround

Likud's Dominance Stuns Peres, Labor

By William Claiborne

WASHINGTON POST SERVICE

JERUSALEM — In an extraordinary comeback from virtual political ruin six months ago, Prime Minister Menachem Begin's Likud Party has pulled ahead of the opposition Labor Party with less than a month left in the campaign for the national election, according to the most reliable public opinion polls.

Mr. Begin's party will win 45 seats and the Labor alignment will win 43 seats in the 120-member in the June 30 balloting, according to a national poll conducted in the last week of May by the Applied Research Center. The poll was commissioned by the Jerusalem Post, which published the results Tuesday.

In a separate poll conducted by the Dahab opinion research organization, in which voters were asked who would be the most suitable prime minister, 38 percent favored Mr. Begin against 28 percent for Labor Party leader Shimon Peres. In January, when Mr. Begin's fractious Cabinet averted collapse in a parliamentary no-confidence vote by calling for an early election, the same polling organizations projected a lopsided 58- to 20-seat victory for Labor. Other polls forecast 65 seats for Labor and only 12 for Likud. Mr. Peres was favored 44 percent to 12 percent for Mr. Begin.

Peres Camp in Disarray

Even if Mr. Begin fails to maintain his momentum and wins only the 45 seats that the polls have predicted, he appears for the first time since the campaign began to be in a fairly strong position to put together some sort of coalition for the 61 Knesset seats necessary to form a government, albeit a weak one. In 1977, the Likud won only 43 seats, but by enlisting the religious parties and the now-defunct Democratic Movement for Change, it formed the present coalition government, which has lasted four years — longer than any government in Israel's 33-year history.

Mr. Begin's stunning turnaround has resulted in near panic in the Tel Aviv election headquarters of the Labor Party, where there is a sense of helplessness due to Mr. Peres' inability to seize the campaign initiative. A senior adviser to Mr. Peres, who asked not to be identified, said: "If things continue the way they have, I have no doubt the Likud will win. We are in an almost impossible situation."

The situation is due, in large part, to two factors: Mr. Begin's success in exploiting the crisis over the deployment of Syrian missiles in Lebanon, thereby overshadowing domestic issues on which he is vulnerable; and his resurgence among the once-disaffected "oriental" voters whose origins are in Jewish communities in the Middle East, particularly North Africa.

Paralleling those factors are two distinct phenomena which have vastly helped Mr. Begin's campaign and undercut that of Mr. Peres. Mr. Begin has put his once-contentious and seemingly self-destructive Cabinet under wraps, thereby neutralizing the government's image of ineptness; and, in the meantime, fighting within the Labor Party, stemming from the years-old rivalry between Mr. Peres and former Prime Minister Yitzhak Rabin, continues to erode support for the opposition.

The Syrian missile crisis has been particularly debilitating for the Labor Party. "It's simple. We can either run for Begin or run for

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Throngs Join To Mourn Zia; 3 in Plot Die

By William Branigin

WASHINGTON POST SERVICE

DACC — Hundreds of thousands of Bangladeshis streamed through the streets of this crowded, dirt-poor capital Tuesday in a funeral procession for the slain President Ziaur Rahman. The government announced the deaths of three leaders of the abortive rebellion that took his life.

The burial of the assassinated president capped an outpouring of grief for a leader widely regarded here as a vital driving force behind efforts to develop a country that is considered one of the most impoverished in the world.

President Zia's death leaves a leadership vacuum that could eventually lead to a struggle for power and reduce the degree of political stability that he had established, Bangladeshis and Western sources said.

Combined with a leveling off of international development aid this year, the sources said, President Zia's death also casts a gloomy pall over prospects for continuing the country's painfully slow but steady economic progress of recent years.

In addition, the loss of the au-

thoritarian but generally popular president has laid bare some old, unresolved rivalries that have been festering within the armed forces since the country's war of independence from Pakistan in 1971.

Hours after Tuesday's funeral procession and burial, the government reported the arrests of 17 army officers who were allegedly involved in the two-day takeover of the southern port city of Chittagong.

A communique also announced measures to punish those responsible for the president's death and disclosed that authorities are seeking an unspecified number of accomplices.

The statement said an inquiry court and a field general court-martial have been set up to identify and try "the culprits responsible for the brutal killing of President Ziaur Rahman."

The government announcement added some conflicting detail to an official Radio Bangladesh broadcast Tuesday morning that reported the death of the rebel commander, Maj. Gen. Manzur Ahmed. The initial report said that angry soldiers killed Gen. Manzur as he was being brought back to Chittagong following his capture near a village north of the city.

The later announcement said two of Gen. Manzur's "accomplices," both lieutenant colonels, also died in the incident. It said that "some agitated armed people tried to snatch them" as they were being taken under guard to the Chittagong cantonment, or garrison.

'Exchange of Fire'

The announcement said "an exchange of fire" ensued between the attackers and the guards, during which Gen. Manzur was shot and wounded. He died on the way to the hospital, and his two aides were killed on the spot, the communique said.

According to a well-informed Bangladesh source, however, Gen. Manzur was shot inside the Chittagong cantonment by fellow soldiers about 9:00 p.m. Monday, two hours after he was captured along with his wife and three children and the two army officers in a thatched hut 17 miles north of the port city. The source said Gen. Manzur had been on the point of opening fire on police when one of them seized his daughter as a hostage.

Official government spokesmen were not immediately able to confirm or deny another report that the wife, daughter and two young sons were subsequently killed along with Gen. Manzur and the

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Bengali soldiers bring their own wreath to place on the coffin of President Zia, who was slain in a coup attempt on Saturday.



An honor guard of soldiers carrying the coffin of President Zia through the streets of Dacca.

Sandinistas Try to Pacify Critics

By Alan Riding

NEW YORK TIMES SERVICE

MANAGUA — Faced by an acute economic crisis and a country increasingly divided along ideological lines, Nicaragua's Sandinista rulers have launched a two-pronged offensive aimed at appeasing their domestic critics and winning new friends abroad.

Although still clearly distrustful of each other, the government and its conservative opposition have agreed to hold talks to look for ways of restoring something of the spirit of national unity that accompanied the ouster of the Somoza regime 22 months ago.

Nicaragua has also moved to patch up relations with its immediate neighbors, Honduras and Costa Rica, and, in recent weeks, has sent delegations to Latin America, Western Europe, the Soviet bloc and the Arab world in search of economic assistance and political support.

The catalyst for this new strategy was the Reagan administration's decision in March to suspend aid to Nicaragua, a move interpreted here as the beginning of a campaign by Washington to

isolate this country economically and politically. The action was in reprisal for alleged Sandinista arms shipments to Salvadoran guerrillas.

Fears of Hostilities

The Sandinistas have also been alarmed by mounting evidence that exiled followers of the late Gen. Anastasio Somoza Debayle are receiving encouragement from sectors of the Honduran Army for their plan to invade Nicaragua from camps inside Honduran territory.

Fears of imminent hostilities between Nicaragua and Honduras eased, however, after a meeting May 13 between the coordinator of the Nicaraguan junta, Daniel Ortega, and the Honduran president, Gen. Policarpo Paz Garcia, at which they agreed to resolve their differences peacefully.

But the Sandinistas remain worried about the impact of regional unrest on their own revolutionary process and have called for a negotiated settlement of El Salvador's conflict. They were also quick to endorse a proposal by President Rodrigo Carazo Odio of Costa Rica that the leaders of all five

Central American countries and Panama meet in August in Mexico City to analyze the problems of the region with the presidents of Mexico and Venezuela.

Much of the focus of Nicaragua's new foreign policy, though, has been on demonstrating that the alternative to economic aid from Washington is not necessarily a dependence on the Soviet bloc.

Nicaragua recently reopened its embassies in Brazil and Argentina for the first time since the revolution, and last month it obtained a much-needed \$100-million loan from Libya, one of several Arab oil nations that it is courting.

While the success of its diplomatic offensive has assuaged Nicaragua's fears of isolation by the Reagan administration, it has done little to reduce tension between the Sandinistas and critics in the private sector, conservative political parties, the Catholic hierarchy and the independent press.

Although the Sandinistas remain formally committed to maintaining a mixed economy and political pluralism, many of their opponents seem convinced that they are moving irrevocably toward installing a Marxist-Leninist dictatorship.

U.S. Gets Reports on Tanks

WASHINGTON (AP) — A State Department official said Tuesday that the Reagan administration has seen reports that the Soviet Union may have secretly shipped T-55 heavy tanks to Nicaragua, although there is some doubt as to whether the reports are true.

The Washington Post reported that the Russians sent the tanks as part of a long-rumored plan to equip Nicaraguan armed forces. The story said that according to reliable intelligence reports large pieces of equipment covered with tarpaulins have been unloaded at night in Nicaragua from Cuban transports.

The newspaper quoted Daniel Ortega, head of Nicaragua's revolutionary junta, as saying that reports of tank deliveries and a prospective shipment of jets were unfounded.

Hard-Liners Assailed by Polish Party

By Reuters

WARSAW — Poland's Communist leaders Tuesday formally condemned the position of a hard-line party group whose views have met with apparent Soviet approval.

A broadcast on national television said the Politburo had determined that the declaration of the so-called Katowice Forum, whose position was reported in the Soviet press on Tuesday, was harmful and unacceptable.

The Politburo condemnation was the first high-level statement on the forum and pointed to a widening rift between Polish Communists and the Kremlin.

"The declaration as a whole, although some of its evaluations can be justified, met a critical attitude of the Politburo," the state television said in its main evening news.

"A number of simplifications and generalizations contained in the declaration are unacceptable," the television report added.

'Threats and Dangers'

"The Politburo, drawing attention to other threats and dangers... considered that in the present political situation the Katowice declaration is harmful," the report said.

The Katowice Forum directly criticized the present party leadership, implying that it was not in control of the situation and that it was in the hands of revisionists.

Dozens of Polish party organizations have joined with the independent trade union Solidarity in rallying behind the party leader, Stanislaw Kania, and Prime Minister Wojciech Jaruzelski in condemning the Katowice initiative.

Western diplomats in Warsaw said they were convinced the new development was directly connected with the Polish party congress, which is widely expected to be held in July to approve the democratic reforms in Poland that

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FIRST VISIT — Claude Cheysson, right, the foreign minister for Francois Mitterrand's new Socialist government in France, met with West German Chancellor Helmut Schmidt, center, and Foreign Minister Hans-Dietrich Genscher Tuesday in Bonn. Details, Page 2.

OECD Sees 6-Month Delay in Upturn Of Economies of Industrialized Nations

By Axel Krause

INTERNATIONAL FINANCE

PARIS — Recessionary conditions and growing unemployment among industrialized countries are expected to continue well beyond this summer, according to unpublished working documents prepared by the secretariat of the Organization for Economic Cooperation and Development.

The revised OECD forecasts conclude that the anticipated recovery among industrialized countries will be postponed by six months, accompanied by some falling in inflation rates in many countries, according to sources who have read the documents.

The documents and their prognoses provided the basis of closed-door discussions of the OECD's economic policy committee. The body, which ended a two-day meeting in Paris on Tuesday, comprises key economic policymakers from the 24 nations of the OECD.

Murray L. Weidenbaum, chairman of President Reagan's Council of Economic Advisers, was elected committee chairman on Monday.

The committee's conclusions will be incorporated into reports that will provide the basis of strategy discussions at OECD's annual ministerial meeting June 16 and 17 in Paris.

In its most recent economic outlook, last December, OECD predicted a weak recovery among members — mainly the United States, Western Europe and Japan

— beginning in the first half of 1981 to reach an annual rate of GNP growth of around 3 percent in the first half of 1982.

However, since the report was published, the combined OECD economies have weakened by 0.5 percent. The result is that predictions of GNP growth rates have been scaled down to 1.6 percent in the first half of 1981, 1.5 percent in the second half of 1981 and 2.2 percent during 1982. These rates compare with a 1.3 percent growth of GNP during 1980, according to the OECD.

In other key revisions, the OECD estimates that total unemployment in the area will rise to 26 million during the second half of 1982. That figure represents

U.S. Will Sell Arms To Jordan and Oman

United Press International

WASHINGTON — The Defense Department has notified Congress that it plans to conclude an \$87-million arms deal with Jordan and sell the Gulf state of Oman a C-130 Hercules military transport plane.

The sale of the \$17-million plane to Oman is the first of the year. The deal with Jordan is for 30 tracked tank-recovery vehicles and eight radar systems for locating mortars and heavy artillery, the Pentagon said Monday.

500,000 more jobs than the agency predicted last December and compares with 23 million unemployed at the end of last year, according to the OECD.

The new projected jobless level equals roughly 7.5 percent of the area's labor force, but it could be as high as 9 percent in the European OECD countries, including members of the European Economic Community.

Indeed, the documents reflect a decidedly gloomier outlook for Europe overall compared to other areas, notably the United States. The OECD predicts only a 0.6 percent growth rate for Europe in the first half of 1981.

Meantime, largely because of depreciation of European currencies against the dollar and the yen, European inflation rates also will increase faster than had been anticipated earlier, the OECD said.

But inflation within the OECD area as a whole will gradually decline from 11.3 percent last year to 10.1 percent in 1981 and 8.9 percent in 1982, according to the documents. Analysts said that the figures reflected anticipated reduction of inflation in the United States.

The OECD also reiterated its view that the combined deficits in the current balance of payments among member countries will gradually decrease, mainly because of expanded exports within the area and to third countries.

French Aide, in Talks in Bonn, Calls for Cut in Soviet Missiles

By John Vinocur
New York Times Service

BONN — Foreign Minister Claude Cheysson, making his first visit outside France on behalf of President François Mitterrand's new Socialist government, met with West German leaders Tuesday and said that the Soviet Union must reduce its arsenal of middle-range nuclear missiles targeted on Western Europe.

Referring to the buildup of Soviet SS-20 missiles, Mr. Cheysson said, "It is necessary to reduce this very distressing development." Coming from a representative of the new leftist leadership in France, the statement seemed certain to please the Bonn government as well as Reagan administration officials in Washington, whom Mr. Cheysson is scheduled to visit on Thursday.

His tone Tuesday was consistent with statements made by Mr. Mitterrand on the dangers of the Soviet missile program and the correctness of NATO's decision to deploy Cruise and Pershing missiles in Western Europe as a countermeasure. In contrast to this, the government of former President Valéry Giscard d'Estaing often said it was not directly concerned by the situation or the NATO plan.

Restrained Intimacy

Mr. Cheysson talked for more than an hour with West German Foreign Minister Hans-Dietrich Genscher and then met briefly with Chancellor Helmut Schmidt.

Mr. Cheysson also seemed intent on putting aside some of the exclusive aspects of the French-West German relationship that irritated many of their allies during Mr. Giscard d'Estaing's seven-year tenure. He said, for example, that the overall discussions he had with Mr. Genscher were "placed in the context of our relations with the Americans."

His visit to Bonn was a mark of the intimacy of the relationship between the two countries, Mr. Cheysson said, quickly adding that "this intimacy is not exclusive" since France had very close ties with other countries.

The talks showed, according to

Mr. Genscher, "that on basic questions, we're in full agreement. It's an encouraging basis for continuing our common work."

Rather than referring to any "full agreement," Mr. Cheysson said that French-West German "interests are very often common ones."

"It's not a question of touching them as they've existed up until now," he said of the ties between the two countries, "but each person and government brings its own style. Mr. Mitterrand and Mr. Schmidt won't be able to talk in English on the telephone because Mr. Mitterrand doesn't speak English."

Asked by a reporter if he had discussed the missile issue with Mr. Genscher, Mr. Cheysson replied that if he had not he would have been both "ignorant and irresponsible" — an apparent dig at the line of the previous French government.

The rapid installation of the Soviet missiles, he said, "modifies the general balance of power in the world. France has a direct interest in this balance of power [and] Germany is directly concerned in the posture for the SS-20s."

When he was asked if he were optimistic about the possibility of successful negotiations between the United States and the Soviet Union for a reduction in the number of missiles, Mr. Cheysson replied, "You'd better ask that question of the Kremlin."

According to NATO calculations,

Swedish Studies Show Rise in Alcohol Abuse

The Associated Press

STOCKHOLM — The number of alcohol abusers has risen dramatically in Sweden in the past 20 years, a Swedish psychiatrist said Tuesday, quoting new studies that show that every fourth man and every fifth woman have, or have had, alcohol problems.

Dr. Borje Lasseus, chief psychiatrist at the Sundsvall Hospital in central Sweden, said that "the only way to change this trend is to introduce a ration card, or to multiply liquor prices."

The talks showed, according to

the Soviet Union has deployed SS-20 missiles with about 1,040 nuclear warheads and is continuing to install them. Insofar as both Mr. Schmidt and Mr. Genscher are confronted with resistance from the left wings of their parties involving the stationing of U.S. middle-range missiles, Mr. Cheysson's support was likely to be extremely welcome.

Pre-Election Talks Begin

PARIS (Reuters) — French Socialist and Communist Party leaders began talks on a possible political and electoral pact Tuesday which could open the way to the appointment of Communist ministers under Mr. Mitterrand.

Heading the two delegations were Socialist Party First Secretary Lionel Jospin, who took over the post when Mr. Mitterrand became its presidential candidate last year, and Communist Party General Secretary Georges Marchais.

The primary purpose of the talks is to prepare the ground for the parliamentary elections to be held on June 14 and 21. The president hopes the elections will produce a leftist majority favorable to his social reform program in the National Assembly.

But Socialist officials have indicated they would insist that the Communists abandon or at least modify their support of the Russians' intervention in Afghanistan and Moscow's deployment of the SS-20 missiles.

The Socialists, buoyed by opinion polls giving them about 33 percent of the vote in the coming elections, have also left no doubt they will want a firm commitment from Mr. Marchais and his colleagues for support for all government policies.

Meanwhile Tuesday, Bernard Stasi, the leader of a center-right group which supported Mr. Giscard d'Estaing, suggested that it could swing to Mr. Mitterrand if he renounced alliance with the Communists. He told a news conference that he supported the changes promised by the new president but could not join any government that sought Communist participation.

The talks showed, according to

Hard-Liners Assailed by Polish Party

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have aroused deep suspicion in Moscow.

A report of the forum's position was published Tuesday by the Soviet party daily Pravda, a clear indication that Moscow endorses its criticism of the Polish leadership.

In its original declaration the Katowice Forum used language that had not been heard in Poland for many months.

It said bourgeois liberalism and anarchist and destructive trends had surfaced in the Polish party since last summer's peaceful labor revolt that produced a free trade union movement — embodied in Solidarity — and made Poland the most liberal state in the Eastern bloc.

"Every day brings an expansion of the liberal-bourgeoisie and Trotskyite-Zionist outlooks as well as a rise in nationalism, agrarianism, clericalism, class solidarity and anti-Soviet views and moods which are carefully cultivated by the right-wing," the forum said.

It spoke of the threat of a revisionist coup in the party — one of the worst allegations that can be made, in the view of the Soviet party.

Solidarity suggested on Monday that the declaration could even have been written at the behest of Moscow and said it amounted to an invitation to Soviet intervention.

The talks showed, according to

Hunger Strikers

Meanwhile, campaigners for the release of so-called political prisoners in Poland said on Tuesday that 23 persons, including the wife of one of the detainees, were now on hunger strikes as part of the protest.

The organizer of the campaign, Teresa Baranowska, said the wife of Leszek Moczulski, leader of the anti-Communist "Confederation of Independent Poland," was one of four protesters who joined the hunger strike.

Four of the strikers have gone without food for 13 days.

On Tuesday, freed one of the five confederation members whose release was demanded by the hunger strikers. The strikers are demanding the release of a further six prisoners whom they consider are being held for political reasons.

The talks showed, according to

Wales in Geneva

GENEVA (NYT) — Lech Walesa, head of Poland's independent trade union Solidarity, said Tuesday that his organization's ability to "sit down at the table to discuss issues with the government even without strikes is no mean achievement."

Mr. Walesa also remarked that his presence in Geneva to represent Polish workers at the opening session Wednesday of the 145-nation International Labor Organization "is already something."

While stressing that the Polish government has to listen to movements such as Solidarity if it wants to win support for its economic reforms, Mr. Walesa said that his organization was not trying to usurp the political role of the Communist Party. "We don't want any part of power sharing," he said.

Mr. Walesa said that there was no lack of leaders in Solidarity and that he was ready to step down "as soon as my colleagues and friends will allow me."

The talks showed, according to

U.S. House Unit Votes Cuts in Social Security

United Press International

WASHINGTON — The House Ways and Means Committee Tuesday approved \$560 million in additional Social Security cuts for next year in an effort to stay within budget targets already approved by Congress.

The panel agreed by voice vote to keep the retirement exemption age at 72, rather than lowering it to 70 on Jan. 1. The exemption allows a person 72 years or older to earn any amount of money and still receive Social Security.

After considerable debate, the committee voted 11-6 to eliminate the \$255 lump sum death benefit if there are no surviving beneficiaries.

The panel also agreed by voice vote to delay initial checks by one month.

The talks showed, according to



A student in Krakow, Poland, displays a poster bearing the inscription, "We do not want to be cannon fodder," during a student protest against reprisals for refusing military service.

Israeli Jets Hit PLO Base In 2d Strike in Lebanon

Washington Post Service

JERUSALEM — Israeli jets bombed a Palestinian guerrilla base near the Mediterranean port of Tyre on Tuesday, destroying a headquarters building in the second confirmed Israeli air strike in Lebanon since the crisis over Syrian missiles there began in April, the army command confirmed.

The attack underscored Israeli Prime Minister Menachem Begin's rejection last week of requests by the United States to refrain from conducting bombing missions in Lebanon until U.S. special envoy Philip C. Habib completes his diplomatic mission in an attempt to solve the crisis.

The army command said the Israeli warplanes demolished the "regional operating headquarters" of al-Fatah, the principal military wing of the Palestine Liberation Organization, in an orange grove near the Tyre-Sidon highway, about six miles (10 kilometers) north of Tyre.

The Israeli pilots reported accurate hits on the building, which was occupied, the army spokesman

said, adding that all of the aircraft returned to base. There was no Syrian missile or aircraft response, according to the army command.

The raid, which lasted 45 minutes and included six U.S.-built F-4 Phantom jets, according to Beirut's Christian Voice of Lebanon radio, came after Mr. Habib and U.S. Secretary of State Alexander M. Haig Jr., in messages to Mr. Begin, reportedly asked Israel to call a moratorium on attacks in Lebanon.

In a statement issued Tuesday night, Mr. Begin said, "Israel will continue to conduct preventive attacks against the terrorists in order to prevent murderous attacks against Israeli citizens." He added that he never requested a "green light" from the United States to "defend our sovereign responsibility," and said that responsibility rests upon Israel alone.

In a television interview Tuesday, Mr. Begin said, "We attack the terrorists in their bases and they are in disarray... I told Mr. Habib and everyone else concerned we are going to continue with this defense of our people."

Israeli Opinion Polls Show Big Turnaround by Begin

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Assad," said a Peres adviser, referring to Syrian President Hafez al-Assad.

There is no Arab country more feared and loathed in Israel than Lebanon, given the costly battles in the Golan Heights in 1973 and the episodes of torture and mutilation of Israeli soldiers that were part of the lore of those battles. Mr. Peres has been put in the position of having to support Mr. Begin's position on the threat of the Syrian missiles to Israel's security, while feeling free to criticize Mr. Begin's management of the crisis. Even then, Mr. Peres has been cautious, apparently fearing that any criticism could be interpreted as a lack of patriotism.

For Mr. Begin, Mr. Peres has been a Syrian rhetoric, leaving the impression of a responsible statesman standing firm against the enemy but not willing to commit Israeli soldiers to battle unless it is absolutely necessary.

Practically every night for the last month, the first 10 minutes of Israeli television news has been dominated by footage of the prime minister — Mr. Begin emerging from meetings with U.S. special envoy Philip C. Habib. Mr. Begin talking tough against rejectionist Arab states in unprecedentedly frequent news conferences; Mr. Begin assuring Jewish settlers in the West Bank that he will never yield an inch of occupied territory, and subtly linking the proliferation of settlements to the Syrian menace to Israel's security.

The talks showed, according to

When the April cost-of-living index was announced last month at 10.4 percent — 125 percent on an annual basis — the news was buried in an avalanche of Syrian crisis stories, and it barely caused a murmur of complaint.

Most noticeably, there was not even an outcry from the inflation-weary Sephardic Israelis, who comprise a sizable portion of the country's lower income groups. Of the approximately 2.5 million voters in Israel, about 53 percent are Sephardic, or oriental, as distinct from the Ashkenazic Jews of European origin.

Mr. Begin also seems to have come out of the shell to which he retreated last winter when he contemplated resigning. He has become as combative and tireless in his campaigning as he was when he set out in 1977 to end three decades of Labor Party rule.

And at the same time, Mr. Peres, surrounded by intraparty squabbling and recriminations over what went wrong, appears to be snatched by Mr. Begin's metamorphosis. His public appearances so far have been less than electric, and his advertising campaign, even according to his own staff — has been a failure.

The fight over control of the Knesset and government is far from over, and the 10- to 15-percent undecided vote is in the balance.

Bani-Sadr Aide Detained After Search of Home

Reuters

TEHRAN — An aide to Iranian President Abolhasan Bani-Sadr has been arrested, the liberal daily newspaper Mizan reported Tuesday.

The paper said revolutionary guards on Sunday arrested Manoucher Masoudi, an adviser attached to the president's legal department, after searching his home and confiscating a large number of documents, files and tapes. He was reportedly taken to Tehran's Evin Prison.

The president's office confirmed the arrest but said the reason for the action was not known. On May 17, another presidential aide, Mostafa Fazlnezhad, was detained for allegedly stealing secret documents from the Iranian Foreign Ministry.

Mr. Bani-Sadr Tuesday did not make any comments on a warning from a three-man government panel that he had violated the constitution and the orders of revolutionary leader Ayatollah Ruhollah Khomeini. However, his advisers said he was expected to make a statement soon.

WORLD NEWS BRIEFS

Chinese Premier Visits Afghan Refugee Camp

The Associated Press

ISLAMABAD, Pakistan — Chinese Premier Zhao Ziyang on Tuesday flew to the Nasserbagh tent village of Afghan refugees and expressed solidarity with Afghanistan's struggle against Soviet troops. He was accompanied by Pakistani President Mohammad Zia ul-Haq.

More than 2 million refugees have crossed into Afghanistan during the past 18 months since the Soviet Union's intervention. Mr. Zhao expressed hope that Soviet troops will ultimately withdraw from Afghanistan and the refugees will return to their homeland with dignity and honor.

Meanwhile Tuesday, three major Afghan insurgent parties based in Pakistan announced the formation of a coalition called the Islamic Unity of the Holy Warriors of Afghanistan. The new umbrella organization plans to hold a conference within four months to work out details on a provisional government and to elect an overall leader.

Crocker Says Pretoria Sincere About Reform

The Associated Press

WASHINGTON — Chester A. Crocker, U.S. assistant secretary of state-designate for Africa, said Tuesday that South Africa is making "a serious and honest effort to move away from apartheid," an effort deserving of U.S. support.

Mr. Crocker told a conference of editors and broadcasters that the Reagan administration will support a policy of "constructive engagement" as long as South Africa is continuing an anti-apartheid effort. "We believe that effort is being made and we intend to back it insofar as it is being made," he said.

Italy Secrets Passed to Mason, Reports Say

United Press International

ROME — New documents under study by investigators indicate secret service reports were being passed on to the head of the Masonic lodge at the center of the political scandal that toppled the Italian government last week, press reports said Tuesday.

The reports said the Rome magistrate in charge of the inquiry was trying to establish whether Grand Master Licio Gelli, believed to have fled to Argentina or Uruguay, was engaged in passing military secrets to East European countries. A warrant has been issued for Mr. Gelli's arrest on charges of military and political espionage.

The new documents, which strengthened suspicion that secret service members who belonged to the lodge had been passing on reports to Mr. Gelli, came from Marcello Coppetto, a Florence correspondent of the Italian news agency who for years had been compiling a private file on Mr. Gelli and his lodge, called *Propaganda Due*, or P-2.

U.S. Laser Fails to Destroy Air-to-Air Missile

The Associated Press

WASHINGTON — The U.S. Air Force failed in its initial effort to shoot down an air-to-air missile with a high-intensity laser light beam fired from an airplane, it was announced Tuesday.

A spokesman said there are two main questions: "Did we miss it? Or did we hit it and nothing happened?" Officials have emphasized that a practical laser weapon is still years away. In Tuesday's test, a laser beam was aimed from a modified KC-135 jet transport at a 2,000-mile-an-hour Sidewinder missile that had been fired from an A-7 fighter-bomber.

[Meanwhile, United Press International quoted a French aerospace journal as reporting that a submarine-launched missile designed to carry France's first multiple warheads failed in a test firing last month and had to be blown up.]

Baker Sees Senate Floor Fight Over Lefever

The Associated Press

WASHINGTON — Senate Republican Leader Howard H. Baker Jr. warned President Reagan Tuesday that he faces a "tough fight" — and a probable Senate filibuster — in his effort to win confirmation of Ernest W. Lefever as his human rights adviser.

Sen. Baker and a White House spokesman briefed reporters on the Tennessee senator's report to the president during a meeting of Republican congressional leaders. Deputy White House press secretary Larry Speakes said the president's position "remains the same as it's always been" in support of Mr. Lefever.

After the meeting, Mr. Baker said that he advised Mr. Reagan that he probably would need 60 Senate votes, the margin required for shutting off a filibuster, instead of the majority of 51 senators necessary to win Mr. Lefever's confirmation. The nominee faces strong opposition in the Senate Foreign Relations Committee, which has called him back for more questioning Thursday.

2d Poll Finds '56 Harvard Alumni Richer but Not Happier Than in '71

The Associated Press

CAMBRIDGE, Mass. — They're richer, fitter and not as politically liberal as they were 10 years ago, but they're not so sure they're any happier.

In a survey done for their 25th reunion this week, the men of Harvard University's Class of 1956 say more class members than ever before "express second thoughts about various aspects of the path we have taken to reach wherever we are today."

More than 40 percent of the 664 alumni completing a questionnaire said they could not call themselves "contented" or "blessed" despite a class median annual income of \$60,000 and an average net worth of \$300,000.

Half the class called itself liberal in 1971 but now claims to be politically moderate. Eighty percent, however, said they supported women's liberation and almost the same percentage opposed using "any and all means" to defend "our way of life" anywhere in the world. Only 59 percent said they would choose the same careers today, down from the 75 percent who said in a survey 10 years ago that they were satisfied with their work.

"Perhaps a reflection of mid-life crisis, perhaps regrets deriving from a longer time horizon of introspection, perhaps some jealousy of the wider choice of lifestyles available to today's young people," was responsible for the shift in attitude.

Huge Crowd Mourns Zia

(Continued from Page 1)

two officers during the attack while in custody.

Bangladesh government officials and other sources generally agreed, however, that Gen. Manzur's motives in launching the rebellion appear to be personal rather than political. It was widely reported that Gen. Manzur was angry with the President Zia who he was a general officer in the army during the 1971 breakaway war against Pakistan, had deeply resented a scheduled transfer from his command position in Chittagong to an office job in Dacca as commandant of the army staff college.

According to foreign and Bangladeshi sources, Gen. Manzur, regarded as a brilliant but extremely ambitious officer, had been angry with President Zia since 1975 when the president transferred him to Chittagong in what was seen as a move to keep him out of the way.

Gen. Manzur, 43, considered an intellectual among officers with a masters degree in economics from Dacca University, was politically hard to classify. He was angry with his student days he had been considered pro-Peking, but he later established relations with the Islamic fundamentalists who constitute a key force in Bangladesh politics, one official said.

The new government's decision to halt tests caused an uproar among conservative politicians and service chiefs. Monday night, opposition leader Jacques Chirac denounced the decision to suspend testing as an act of "jeopardizing France's defense system."

Underground tests scheduled for Muroto within the next few days were called off shortly before senior staff officers and scientists were to have flown to Tahiti, headquarters of France's nuclear experimental center in the Pacific.

Mr. Heron said a committee of experts would review the program and make recommendations. Then, Mr. Mitterrand will decide which weapons will be developed and what tests will be required, officials said.

U.S. Names Beirut Envoy

United Press International

WASHINGTON — President Reagan on Monday announced that he is nominating career diplomat Robert Sherwood Dillon as ambassador to Lebanon. Mr. Dillon, 52, had succeeded John Gumbler Dean, who is resigning.

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كزامن النحل



The new U.S. ambassador in El Salvador, Deane R. Hinton, inspects the official honor guard after presenting his credentials to the ruling junta at the presidential palace in San Salvador.

New U.S. Ambassador in Salvador Hopes Military Assistance Will Be Scaled Down

By Dial Torgerson

SAN SALVADOR — Calm and cool amid tropical heat and Yankee-baiting questions, the new U.S. ambassador here, Deane R. Hinton, said at a news conference that he hopes U.S. military aid will be scaled down rather than increased.

American aid to the military-civilian junta consists of a 54-man military training group and limited supplies of U.S. equipment, ranging from boots to helicopters. Asked about a Salvadoran official's comment that this country will ask for more such aid, the ambassador said Monday:

"U.S. aid is, of course, a function of the evolving situation. But I'm hoping that we can reduce the number of U.S. trainers."

Mr. Hinton, who arrived here last Thursday, said he hopes that El Salvador's junta — a centrist government supported by military forces with rightist traditions — will get more U.S. economic aid.

"More economic aid will be needed," he said. "What I am seek-

ing to find out is how much more will be needed, what for, and how we can make sure that it is used to really help revive the economy."

El Salvador's government, opposed by both the extreme right and leftist guerrillas, is also facing an economic crisis because of low prices for the nation's coffee exports and a flight of capital set off by the civil war.

Mr. Hinton, 58, a 35-year veteran of the Foreign Service, answered hostile questions — mostly from European free-lance journalists — with calm.

"How can you legitimize the support of your government if the spiral of killings by the security forces continues?" an Irish journalist asked. "I hoped you would help," Mr. Hinton replied, "by telling your readers the truth."

The United States, he emphasized, is "defending a reform-minded government, and it is nothing to be ashamed of." The junta led by Jose Napoleon Duarte, he said, is "under attack by Leninist forces."

He accused the press of overemphasizing stories about killings of civilians by the military forces. The extreme left, he said, is guilty of similar excesses. Why, he asked, did newsmen not dwell on them?

Mr. Hinton is the first ambassador here since January, when Robert E. White, 54, was removed from the job amid a public debate with the Reagan transition team over U.S. relations with El Salvador.

Mr. White, who served here for one year as an appointee of a Carter administration seeking to promote human rights in Latin America, resigned from the State Department and has accused the Reagan administration of de-emphasizing the human rights issue.

"We consider the junta a friendly government under attack," Mr. Hinton said, when asked about the difference between his assignment and Mr. White's. "We will continue to help them. And we will urge that they conduct themselves in such a way that there is an absolute minimum of excesses by the security forces."

Ex-Hostage Is Denied U.S. Medal

Army Action Based On Iran Film Role

United Press International

WASHINGTON — Administrative action may be taken against an Army sergeant who appeared in a film critical of the United States while he was being held hostage in Iran, according to Army sources.

Joseph Subic Jr., 23, of Redford, Mich., was the only one of 21 servicemen among the 52 Americans held in Tehran for 444 days to be denied a medal for meritorious service under noncombat conditions.

The Pentagon announced the awards Monday following their approval by Defense Secretary Casper W. Weinberger and the Joint Chiefs of Staff, who followed the Army's recommendation in not awarding Staff Sgt. Subic the Defense Meritorious Service Medal.

Sgt. 1st Class Donald Hohman, 37, of Sacramento, Calif., emerged as the only official military hero of the hostage crisis. He will receive two medals, including the Soldier's Medal, the Army's highest non-combat award for heroism.

Sgt. Hohman, a medic at the 97th General Hospital at Frankfurt, West Germany, is credited with saving the life of a fellow hostage who became extremely ill from an insect bite and was in danger of dying.

Army sources said the administrative action against Sgt. Subic, now stationed at the Intelligence and Security Command at Arlington Hall, Va., could range from a reprimand to being barred from re-enlistment. He has served seven years with the Army.

An Army spokesman said Sgt. Subic will not receive a medal because he "did not behave under stress the way noncommissioned officers are expected to act."

Sgt. Subic and three other hostages appeared in an Iranian film that condemned the role of the United States during the reign of the shah.

After his release, Sgt. Subic said the film was faked.

His attorney, Owen Cummins, said Monday of the Army decision: "I don't think they've got the whole picture" of what happened in Iran. He said Sgt. Subic will withhold comment until he is released from the Army within the next 90 days.

Marine Sgt. Johnny McKeel Jr., a former hostage home on leave in Balda Springs, Texas, said, "I don't think the government should press it anymore. Give him the medal."

Tax Talk With Reagan Splits Democrats

By Howell Raines

New York Times Service

WASHINGTON — President Reagan vowed to make no further compromises on the key points of his tax program in an Oval Office meeting that split the Democratic congressional leadership on whether to continue negotiations or prepare for an all-out fight.

House Speaker Thomas P. O'Neill Jr. of Massachusetts, apparently nettled at advance White House publicity about the "last chance" meeting, denounced Monday's hour-long session as "a media event." He said there was no room for further talk about the Reagan tax plan he called "a windfall for the rich."

But Rep. Dan Rostenkowski of Illinois, publicly differing with Rep. O'Neill in their joint news conference, said he would urge Democrats on the House Ways and Means Committee to seek a compromise tax-cut program acceptable to the president.

The conciliatory attitude of Rep. Rostenkowski, chairman of the Ways and Means Committee, was based, he said, on his hurried conversation with two senior White House officials as the delegation of five Democrats left the Oval Office.

Open Door

Rep. Rostenkowski said the Reagan aides told him to "keep the door open" for a compromise despite the hard line that Mr. Reagan took in the meeting with Rep. Rostenkowski, Rep. O'Neill, House

Majority Leader James C. Wright of Texas, Senate Minority Leader Robert C. Byrd of West Virginia, and Sen. Russell B. Long of Louisiana, chairman of the Senate Finance Committee.

After the meeting, not even the participants seemed certain where the tax-cut battle was headed on two key points of difference — the duration of the tax-reduction period and the Democrats' demand that the cuts be targeted to help middle-income taxpayers.

However, there was renewed talk of compromise — from Rep. Rostenkowski, Treasury Secretary Donald T. Regan and others — even as the senior figures, Mr. Reagan and Rep. O'Neill, took adamant public stands against further compromise.

An aide to Rep. O'Neill said that the overture to Rep. Rostenkowski contained hints that the president might even scale back the overall size of his tax plan in return for its across-the-board feature that favors affluent taxpayers and investors. A deal "is salvageable, but I can't assess the probability for another couple of days," the aide said.

Mr. Reagan told the Democratic leaders that he is committed, as a matter of economic principle and campaign promises, to three successive years of across-the-board cuts in the income tax rates. But he was quoted as saying Monday he would settle for a 5 percent cut in the first year and 10 percent in the next two years.

This is the first time that the

president has publicly backed down from the 10-10-10 formula he advocated in the campaign. However, the Democrats were divided on whether that represents a concession.

"There have been concessions," Rep. Rostenkowski said. He noted that the president also agreed to Democratic proposals to reduce estate taxes and the effective tax penalty against married couples. And the administration agreed to liberalize the income tax laws for individual retirement accounts, investment savings and the rehabilitation of existing buildings.

Even with Mr. Reagan endorsing the 5-10-10 formula, Rep. O'Neill insisted, "I don't consider that he's made any major concessions."

"I want no one to understand that the negotiations are closed," Rep. Rostenkowski concluded, in contrast to Rep. O'Neill, who said: "I left with the idea that they didn't want to compromise."

Senses Trap

The speaker added later, "I had the feeling that we were being set up." Rep. O'Neill said that the White House aides who approached Rep. Rostenkowski and Rep. Wright with the "open door" message also told them: "Don't be as adamant as O'Neill."

The conflicting statements from Rep. Rostenkowski and the speaker indicate some progress in what White House officials acknowledged was a strategy to drive a

wedge into the Democratic leadership. The officials said that they had been trying for two weeks to coax Rep. Rostenkowski into breaking with his party's leaders and developing a bipartisan measure that Republicans and conservative Democrats could support in a coalition such as passed Mr. Reagan's budget cuts.

The White House view is that Rep. Rostenkowski is willing to draw a compromise bill but is being held back by liberal Democrats on the Ways and Means Committee who have overwhelmingly rejected the 5-10-10 formula.

Treasury Secretary Regan said Monday that the participants in the Oval Office meeting were fairly close on secondary issues, but held widely divergent views on the basic principles at stake.

The across-the-board feature is a major ideological sticking point. It would give low-income and high-income taxpayers the same percentage tax reduction, thereby giving the wealthy much larger dollar amounts. Mr. Reagan says this tax saving would be reinvested by the affluent to spur economic growth.

Rep. Rostenkowski wants to concentrate the benefits of any tax cut on taxpayers in the \$20,000 to \$50,000 income range.

Another Democratic objection is that a multiyear tax cut could produce bigger budget deficits, allowing the Reagan administration to justify even deeper cuts in social welfare programs in the second and third years of the tax cut.

U.S. Cancer Institute Is Accused of Laxity Over Grant

By Victor Cohn

Washington Post Service

WASHINGTON — The National Cancer Institute gave a New York Medical College scientist a \$910,000 grant last year although in 1979 he had resigned from Boston University after some co-workers contended that his treatment results there contained false data, which he continues to deny.

The case will be cited by Sen. Orrin G. Hatch, Republican of Utah, Tuesday as a serious example of "tax surveillance" and "tolerance of mismanagement" by the federal agency that spends a billion dollars a year on cancer research, more than the government spends on any other disease.

Sen. Hatch, chairman of the Senate Labor and Human Resources Committee, will open a hearing on the cancer institute by charging, according to a statement released Monday, that the institute has repeatedly been slow or reluctant to correct or punish mistakes or mismanagement at several research centers.

The most significant incident, Sen. Hatch said, took place in 1978 when Dr. Marc Straus — now at New York Medical College's Westchester County Medical Center — resigned from Boston University after a number of doctors and nurses alleged that data in research that he supervised were false.

Soviet Embassy Staff Arrives in Zimbabwe

United Press International

SALISBURY — Four Soviet diplomats have arrived here and begun setting up an embassy, three months after Zimbabwe and the Soviet Union agreed to establish diplomatic relations. The Soviet Union is the last major power to establish links with Prime Minister Robert Mugabe's government.

Vladimir Silkin, who will be charge d'affaires, said Tuesday that seven more diplomats, technicians and staff members would arrive Saturday. He said an ambassador would be posted soon, but he did not identify the envoy.

Also, Sen. Hatch said, it was charged that dangerous chemicals were administered without patient consent in many cases in the same project.

Dr. Straus said Monday that the accusations against him were false and "maliciously made." He said he will make a statement later this week that "will shed a totally different light on the allegations."

"All the allegations were made by people under disciplinary job action by me," he said.

The charges against Dr. Straus have never been resolved. Despite this, he was awarded the \$910,000 National Cancer Institute grant to study responses of animal and human cells to cancer chemicals. Sen. Hatch said NCI officials did not report the accusations to scientists who conducted a peer review of Dr. Straus' research proposal or the institute's National Cancer Advisory Board, which screens major grants.

Only last July did the institute order an investigation, still incomplete, of Dr. Straus' Boston activities.

In doing cancer research, Dr. Straus needs Food and Drug Administration approval to use experimental drugs. In beginning a pending review of his eligibility, Dr. Frances O. Kelsey, director of scientific investigations in the Food and Drug Administration's Bureau of Drugs, wrote Dr. Straus last August, saying "we believe you... have repeatedly or deliberately submitted false information" to the National Cancer Institute.

Dr. Vincent DeVita Jr., the institute's director, is expected to testify Tuesday in much the same vein in which he wrote Sen. Hatch last Tuesday, saying that investigations initially felt that investigations of Dr. Straus by Boston University and the Eastern Colleges Oncology Group were sufficient, but "in retrospect I believe" the institute should have investigated promptly.

As for not telling peer reviewers and advisers of the charges, Dr. DeVita said that the charges are still unproven and that Dr. Straus' new grant, unlike his old one, involves no work with actual patients.

Cox, Bork Both Oppose U.S. Anti-Abortion Bill

By Bernard Weinraub

New York Times Service

WASHINGTON — Archibald Cox and Robert H. Bork, both of whom served as U.S. solicitor general, told a Senate panel that legislation seeking to make abortion illegal would be unconstitutional. Their view met with strong disagreement.

Appearing Monday before the Judiciary Subcommittee on the Separation of Powers, Mr. Cox and Mr. Bork said in essence that it would be improper for Congress to tamper with the ultimate authority of the Supreme Court, which decided on the legality of abortions in 1973. Mr. Bork is Alexander Bickel professor of public law at Yale and a conservative legal scholar.

Mr. Cox, a Harvard law professor who is a Democrat, said the current anti-abortion measure before Congress "should be rejected as a radical and dangerously unprincipled attack upon the foundations of our constitutionalism."

At issue is a bill sponsored by Sen. Jesse A. Helms, Republican of North Carolina, and Rep. Henry J. Hyde, Republican from Illinois, which would define unborn babies as living beings from the moment of conception, thereby allowing states if they choose to prosecute abortion as murder.

Six other witnesses appeared at the hearings, which are scheduled

to continue in mid-June. These were Professors Robert Nagel of the Cornell University Law School and Basile Uddo of the Loyola University Law School, and four historians, Carl Degler of Stanford, James Mohr of the University of Maryland in Baltimore, William Manchester of Chestnut College in Front Royal, Va., and Victor Rosenblum of Northwestern University.

Mr. Uddo said it was within congressional power as a co-equal branch of the government to decide a question not answered by any applicable Supreme Court decision.

He was especially caustic about legal experts opposing the bill, saying their arguments were laced with misstatement, innuendo, implication, even sarcasm. He singled out Laurence H. Tribe, a Harvard constitutional law specialist, who recently told the panel that there was a union of voices opposing the bill among virtually all careful students of the Constitution.

Mr. Nagel also said the bill is constitutionally sound, arguing that the crucial importance of the courts in our system should not be exaggerated so that the judiciary becomes the exclusive source of constitutional meaning.

But Mr. Degler said the Helms-Hyde bill is not a conservative measure, adding, "It does not conserve; it innovates. Rather than recognizing complexities in human affairs, as conservatives do, it asserts simplicities."

"Conservatives ought to oppose it as a deeply radical measure," concluded Mr. Degler.

Court Rejects Claim by Sioux To Black Hills

The Associated Press

PIERRE, S.D. — A federal appeals court has rejected an Indian lawsuit that sought \$11 billion and possession of the 7.3 million-acre Black Hills region of South Dakota.

The 8th U.S. Circuit Court of Appeals in St. Louis said Monday that Congress had created the Indian Claims Commission, now disbanded, as the sole remedy for claims to the Black Hills.

"This has nothing to do with Indians," said Russell Barsh, a University of Washington law professor who has helped handle the case. "Under this ruling, Congress can take anybody's property and then pass a law saying you can't go to court and fight it." He said there would be an appeal.

The Oglala Sioux Indians' lawsuit stems from a 60-year legal battle involving a claim by eight Sioux tribes. The U.S. Supreme Court, which ruled last year that an 1877 act of Congress illegally seized the Black Hills from the Sioux, awarded the eight tribes \$105 million — \$17 million plus interest — in compensation for the land.

"It's just totally absurd," Mr. Barsh said of the ruling. "You know, \$17 million wouldn't even pay for the gold that we know white miners took out of the hills in 1877 alone."

Muldoon to Visit Bonn

Reuters

BONN — New Zealand's Prime Minister Robert Muldoon will visit West Germany in June following visits to Italy, France and Britain.

Taiwan Refuses China Cables to Soong Relatives

The Associated Press

PEKING — Taiwan has refused to accept telegrams of condolence sent from Peking to relatives of Soong Ching-ling, the widow of Chinese revolutionary leader Sun Yat-sen, the Chinese news agency reported Tuesday.

Miss Soong, whose husband led the 1911 revolution that overthrew China's last emperor, died Friday of leukemia at the age of 90. Shortly before her death, she was named honorary president of China.

The agency reported that telegrams reporting Miss Soong's death and offering condolences were sent to Taiwanese President Chiang Ching-kuo and armed forces commander Chiang Wei-kuo. Both are the sons of the late President Chiang Kai-shek, who was married to Miss Soong's sister.

The news agency said Peking authorities received a message Monday from the Taipei telecommunication office stating the refusal.

There are no direct telephone, telegraph or postal links between China and Taiwan.



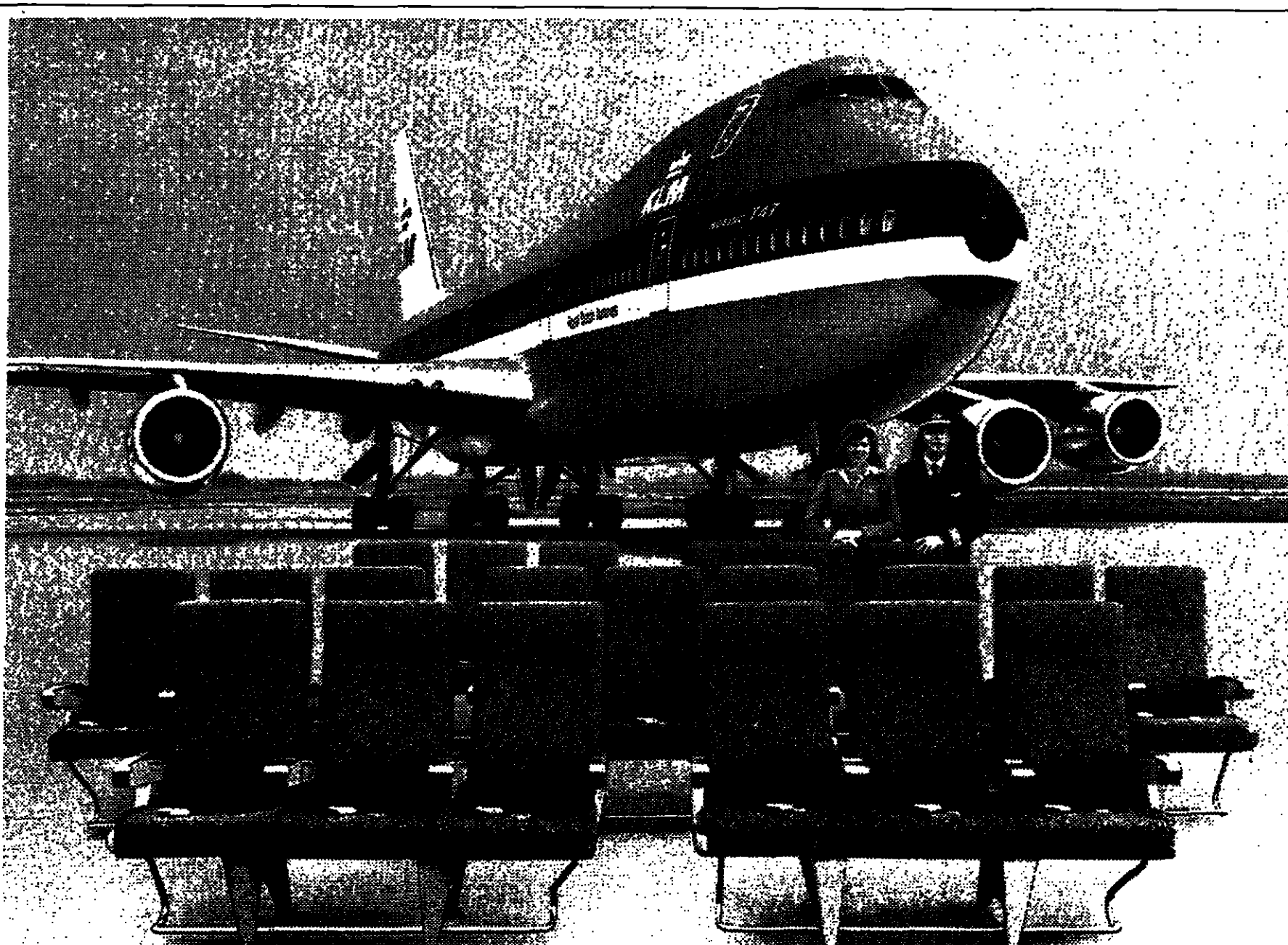
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Films in Paris

Tanner's 'Light Years Away' Inventive

Thomas Quinn-Curtiss
International Herald Tribune

PARIS — Several of the Cannes festival winners — and several of the Cannes festival losers — have received immediate release in France and elsewhere in Europe.

The most worthy of these is "Light Years Away" ("Les Années Lumière"), which deservedly took the special jury prize. Its Swiss director, Alain Tanner, based his scenario on Daniel Olsky's novel of the 19th-century theme and shot it in English on location in Ireland.

Though the novel, written in French, leaves its characters undefined, its story is persuasively told in the Irish scene. Its curious blend of fairy tale, wry humor and the macabre being in harmony with the Celtic temperament. There is a Dunsanyesque flavor to its strange fantasy.

A crazy, cold hermit visits Dublin and by mysterious means lures a bored young woman to join him in his rural retreat where in dim secrecy he is telling in some earthshaking discovery. His laboratory is an aviary in which he studies birds to learn the technique of flying. His experiment in practice costs him his life, but he has so hypnotized his disciple that the youth follows in his master's footsteps.

Tanner has succeeded in casting a binding spell over the incidents of his script and has extracted commendable performances from his principals — Trevor Howard as the shabby soccerer and Mick Ford as the faithful pupil. The result is a film of uncommon artistry that holds attention throughout with its intriguing invention. It is in English at the Saint-Andre-des-Arts, the Balzac Elysees, and Les 14-Juillet Bastille, among others.

Michael Mann's television film, "The Jericho Mile," an honest and moving account of the rehabilitation of a prisoner who trains for long distance running in the Olympics, introduced a young director of exceptional promise when it was seen at the Deauville festival last September. It is playing in Paris as "Comme un homme libre," and is recommended.

The new Mann film, "Thief," is, alas, so lacking in the freshness, vitality and spontaneity of his initial try that it might be mistaken for the work of a regulation studio hand. It exploits the latest methods in blasting sound effects and has been produced at considerable expense, but it is hollow. An artificiality troubles almost everything that happens in its course, and its investigation of a hardened professional burglar's lifestyle is unnecessary and depressing information.

James Dean impersonates its ruthless hand-on and with unrelenting monotony, and one soon tires of his presence and problems. Neither he nor the complicated motifs operant of his robberies makes a compelling call on one's sympathy or interest. He is the stock-in-trade gangster let loose again and inspected exhaustively. There is a brief, helpful bit by Tuesday Weld, an able comedian too infrequently on the screen.

"Thief" is playing at the Forum Cinemas, the UGC Elysees and Danion and the Magic Convention in English. In the Cannes festival competition, it made no stir. The only encouraging news connected with it is that it is Mann's swan song to the underworld genre. His next will be a science-fiction opus. Screen robbers and screen robberies have been done to death for the time being, and a moratorium should be declared.

"Excelsior," John Boorman's retelling of the Arthurian legend, suggests a fancy-dress ball gone wrong and skirting burlesque, with its mannered pomposity askew. Its pageantry has flair. Its "artwork," photography and costuming are of

the first order, but theatrically it creaks like rusty armor. The laborious dialogue spreads a dank gloom over the proceedings, and its players, reciting grotesquely highfalutin lines, seek desperately to rescue it from tumbling into downright parody. They do not always succeed. As spectacle, it has pretty lines, but as drama it weighs a ton and clanks loudly. It is at the Hauteville Pathe, the Gaumont Champs-Elysees and the Gaumont-Les Halles in English.

"Neige," by Juliet Berto and Jean-Henri Roger, an able pair of directorial novices, is a neo-realist study of drug traffic in Figeac. It is almost of documentary design with its vivid camera-of-truth photography, but its script is fiction. The Montmartre milieu, to judge by this report, differs only sartorially from the Montmartre of the turn of the century as caught by Toulouse-Lautrec's brush. Gaslight has been replaced by neon and carriages by automobiles, but essentially it is the same place.

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Jazz Festivals

Some Principal Dates on This Summer's Calendar

PARIS — Here are some highlights of the European summer jazz festival circuit, which continues to grow in size and duration. The list includes high points of the programs, telephone numbers (and area codes) and the occasional address where more information may be sought.

Paris (June 9-10): Bobino Theatre: Max Roach, Lester Bowie, Dave Brubeck, Mingus Dynasty and six other big names, one each night, in a prestigious Montparnasse theatre. (1-322-7484)

Paris (June 16-19): Festival de Marais at the Cafe de la Gare "The Banquet of Jazz" — Afro, Salsa, Gypsy, South American and Euro-jazz. Highlight, on June 17: Gypsy guitarist Boulou and Elio Ferra, plus the versatile Argentine percussionist Martin Saint Pierre. (1-857-5651)

Paris (June 17-20): Blossoming trombonist Ray Anderson, Jimmy Griffin, Anthony Brown, Alexander Schlippenbach and the talented American saxophone bassist Barry Phillips. (504-9456)

Nuremberg, West Germany (June 20-21): Euro-jazz including Tejo Ryppel, Joachim Kuhn, Miroslav Vitous, the British saxophonist and synthesizer player John Surman and the underground Czech guitarist Radost Dasek. (2-637-65-66)

Montreal (July 3-19): The 15th annual festival at this Swiss lakeside resort has caught up with its increasingly eclectic personality by dropping the word "jazz" from its title, but there's still plenty of it left. The assortment includes Salsa star Ray Barretto, Chick Corea, Mighty Clouds of Joy, James Blood Ulmer, Toots and the Maynards, Ella Fitzgerald, Stry Cans, Arthur Blythe, McCoy Tyner, James Brown, Eddie (Cleveland) Vernon, Stephanie Grappelli, Al Jarreau and Herbie Hancock, plus two nights featuring big bands from American universities. (21-61-33-94)

Velden, Austria (July 3-5): John McLaughlin's new band, Art Pepper (candidate for comeback of the '80s), Sam Getz, Memphis Slim, Dexter Gordon and more. (222-54-13-58)

The Hague (July 10-12): The North Sea Festival is a well-managed, joyful super-spectacle, with about 600 musicians performing in the Congress Center's nine halls for 10 hours each day. Dorothy Donegan, Oscar Peterson, Tito Puente, Frankie Dymally, Lionel Hampton, Mel Torme, Trummy Young, Celia Cruz, Albert Cobb, Ahmad Jamal, Kai Winding, Taj Mahal, Doc Cheatham, Scott Hamilton, Claude Luter, The Heath Brothers, Ari Taylor, David Grisman, Luther Allison and so on; plus jazz cinema and video, jazz books, jazz T-shirts, jazz paintings, jazz snacks and jazz camping. (70-54-29-33)

Nice (July 11-21): Acoustic tradition, George Wein's Grande Parade du Jazz takes place on three simultaneously running bandstands in the Cimex Gardens from 5 p.m. until midnight — a picnic more than a supermarket or even a concert. Chick Terry and the Basie Alumni All Stars, Rickie Cole's Alto Madness, Cedar Walton, Woody Shaw, Teddy Wilson, John Lewis, Light-

ning Hopkins, Chuck Berry, Vic Dickenson, Buddy De Franco, Bob Crosby and the Bobcats, Red Rodney, Ira Sullivan — 250 musicians playing 251 concerts in 11 days. (Hotel Mercure, 2, Rue Halvay, Nice)

Nimes, France (July 11-18): Jazz in the arena with Dizzy Gillespie, Milt Jackson, Michael Roedel, Mikel Richard Abram, James Moody, James Newton, plus workshops and seminars for fearless fans and budding jazzers. Everybody gets an ear. (Jazz Club, 45 Rue Flamande, Nimes)

San Sebastian, Spain (July 15-19): Weather Report, Freddie Hubbard, Chick Corea and McCoy Tyner. (41-31-80)

Paris (July 15-22): Olympia Theatre: Lionel Hampton, Chick Berry, Lalo Schifano, Herbie Hancock, Basie Alumni, Dizzy Gillespie. (1-742-5611)

Antibes, France (July 17-25): Many of the names listed above, plus everybody's choice for the hall of fame, Gil Evans, Arno, Albert Collins, Albert King, Sarah Vaughan, Sadao Watanabe (No. 1 in Japan) and Martial Solal's big band, which sounds alarmingly like Stan Kenton. (93-33-95-64)

London (July 18-19 and 25-26): Capital Radio Festival: Still more of the same names, in addition to British heavies like Zoot Money, Ronnie Scott and Barbara Thompson. (1-388-1288)

Molde, Norway (Aug. 3-8): Joe Pass



Trevor Howard and Mick Ford in "Light Years Away."

The characters that compose the rogue's gallery the film spotlights might have stepped from the pages of Carro's "Jesus la Calle." The first full-length feature by its authors, "Neige" raises the curtain on a duo of cinematic virtuosos. It is at the UGC Opera, the UGC Biarritz, and the Cluny Ecoles, among other theaters.

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Opera in Milan

Muti Conducts an Exciting 'Figaro'

William Weaver
International Herald Tribune

MILAN — These are exciting days at La Scala. As the season draws to its close, the house is presenting two of its most successful productions of recent years, a new staging of "Le Nozze di Figaro" conducted by Riccardo Muti and a revival of the still-splendid Zeffirelli production of "La Boheme" with Carlos Kleiber at the helm.

Though Muti has conducted at La Scala before, this time the production was decreed especially for him and he worked with the stage director, Giorgio Strehler, from the beginning.

So, as far as the Milanese are concerned, this was Muti's Scala debut. The newspapers and some fans have tried to create a rivalry between Muti and Claudio Abbado, along the lines of the famous Callas-Tebaldi opposition of a generation ago. The play has not really worked. Unlike the divas, both conductors are tight-lipped; and each has his own distinct and flourishing career.

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The Bizarre Case of Lt. Cooke

The case of 2d Lt. Christopher M. Cooke, who reportedly wandered into the Soviet Embassy in Washington with classified information about the United States' most powerful missiles in his pocket, is bizarre to say the least. There is the possibility that Lt. Cooke was, as one of his former professors suggested, a Walter Mitty-like dreamer who was always in a fog and "could have walked into the Soviet Embassy and not recognized that the Air Force has rules against it." Could have. But is that the kind of man who ought to be assistant commander of a crew whose mission is to fire a missile that can destroy underground Soviet command posts and large industrial centers? And why bring the Titan data? To get the Russians to turn over some data of their own? Maybe. But that sounds pretty weird, too.

If Lt. Cooke was Moscow's agent, his behavior appears even stranger. Why, for example, did he deliver his payload to the Soviet Embassy? Dead letter drops may be the stuff of fiction, but what self-respecting spy would rendezvous at the embassy that employs him? No matter what kind of a dreamworld the young Air Force officer lived in, it seems unlikely that he believed he could enter the embassy unobserved.

In that case, perhaps he was an aspiring double agent. But, then, why all the confusion? Why wasn't there a cover story prepared? Why all the fumbling about whether he passed Titan data or didn't? Why the conflicting stories about whether there would or

would not be espionage charges? Why the dispute over whether or not he has been given immunity? The only hint that Lt. Cooke might have been a toiler in the duplicitous and convoluted field of espionage is the fact that he was turned down twice for employment at the CIA. What better cover could he have than that?

There are a lot of unanswered questions about Lt. Cooke and his still unfathomable adventure. If it turns out that he is a dreamer, the question is how to tighten up the system to ensure that such charming but unreliable characters are kept out of the command structure of missile crews. If he was providing the Soviet Union with secret information, was he doing it for cash or conviction? If it was for ideological reasons, was there anything in his background that should have attracted the attention of his Air Force superiors? If he was carrying out a U.S. mission of some sort, who was responsible for the sloppiness that led to his exposure?

The simplest answer comes the closest to logic. It is that Lt. Cooke was poorly suited for his work. That is also the scariest answer. The men who fire missiles should be very carefully chosen. If Lt. Cooke is guilty of espionage, he should, of course, be punished. If U.S. security was compromised, the damage, one hopes, has already been repaired. And if a Walter Mitty slipped through the system, there is a real need to find out how and close the gap fast.

INTERNATIONAL HERALD TRIBUNE

The Coal Contract

The coal companies' sharply improved offer will probably end, after two months, the U.S. miners' strike. Question: Why did the companies increase their bid so sharply at a time when coal stocks are still comfortably high and when production in much of the United States has hardly been affected?

One answer is the operators' interest in demonstrating reliability of supply to the new foreign customers who are becoming extremely important to them. Another answer lies in the complex and delicate relationship between the companies and the United Mine Workers. The companies have evidently decided to pay a premium to avoid humiliating the union. The miners' rising confidence in the UMW over the past several years has brought a remarkable decline in wildcat strikes and coal-field chaos. That's worth a lot to their employers. From the companies' point of view, the new contract is not a bad investment at all.

But what about the national economy and the inflation rate? It is the wage pattern that carries the inflation along from one year to the next. The miners' cash wages under this contract will rise about 9 percent a year. That's no more than the average rise for all American wages over the past year. But this contract will keep the miners moving up at that rate for the next 40 months — in effect, throughout the remainder of this presidential term.

Those are only the cash wages. There are also the fringe benefits. The much-disputed coal royalty payments into the union health and welfare funds, for example, will be continued and expanded after all. Fringe benefits, not only for miners but throughout the economy, are now rising much faster than cash wages. There's a simple reason: Most fringes are tax free, both to the employer and the employee. But, taxed or not, it's real money and will turn up in the form of higher prices in the months ahead.

The government has begun publishing statistics on the total cost of compensation to employers. Wages, in the first quarter of this year, rose at an annual rate of 11 percent. Total compensation, including the fringes, rose at a staggering rate of more than 15 percent. Part of it was the January increase in employers' Social Security taxes. But fringes like health insurance premiums were also rising. The trend in employee compensation seems clearly to be upward.

The Reagan administration's economic theory assumes that tight restraint on the money supply must slow down the inflation by curtailing high wage settlements. The miners' contract suggests that the assumption isn't holding in the coal industry. Nor, according to those disarming figures on compensation costs, is it holding for the American economy as a whole.

THE WASHINGTON POST

Anomalous Angry at Libya

On the face of it, Libya's Moamer Qadhafi is giving a good name to the Reagan administration's campaign against terrorism. There is nothing paranoid about charges that Libyan gunmen have in the last year killed a dozen exiles in Western Europe and the Middle East. And it now appears that an American mercenary was hired by Libyans to try to kill a Libyan student leader who turned against the Qadhafi regime. According to the FBI, 20 more students were on the colonel's murder list.

So the administration was surely right in closing down Libya's mission in Washington and expelling 27 Libyan officials, a step just short of breaking relations. Brazen breaches of diplomatic cover call for an emphatic response. And it may be that Qadhafi is swinging wild because his decade-long grip on power is finally slipping. He certainly deserves to join his friend, Idi Amin, in that limbo where outrageous rulers sulk amid their bodyguards.

For the moment, however, Qadhafi has

also exposed a hole in America's anti-terrorist campaign, a hole big enough for a supertanker to float through. The Libyan diplomats are dispensable, but the industrial world's appetite for Libyan oil persists; Libya's oil accounts for 10 percent of America's oil imports. Trade with Libya totals about \$12 billion a year. And Libyan oil is pumped from the sand with the vital assistance of several thousand American technicians.

Unintentionally, then, Western consumers help to pay for Libya's threatening foreign adventures. With American dollars Libya buys Soviet arms, which also made possible its assaults on neighboring Chad.

Oil is fungible, of course, and boycotts are notoriously ineffective. But that does not make the American links with Tripoli any less anomalous. The United States is still glued to Libya by its need for oil and fully expects Libyan oil to keep flowing in as the expelled diplomats fly out.

THE NEW YORK TIMES

Other U.S. Opinion

Voice of the People

Congress, for the first time in memory, actually seems to be listening to the American people, instead of listening only to itself. For years, Washington [thought] only Washington knows how to solve problems and that the "people" just don't understand. After the landslide election of President Ronald Reagan, returning members of Congress ... sounded as if nothing at all had happened.

They lambasted Reagan's philosophy, intimated that he, like the people, just didn't understand how government works, and op-

erated on the assumption the "system" would run on as it always has. By Easter recess ... congressmen went back to their home districts [and] they got lambasted by their constituents. They got a message, in some cases very pointedly, that the voters expected them to cut the budget as the president insisted.

But the novel part was that congressmen not only heard the message, but listened to it. The result: an overwhelming vote in favor of cutting the budget.

— From the Lynn (Mass.) Daily Evening Item.

In the International Edition

Seventy-Five Years Ago
June 3, 1906

EL PASO, Texas — As the result of a strike started by Mexican miners at Col. W.C. Greene's copper mining camp at Cananea, in the State of Sonora, Mexico, George MacDonald and his brother are dead, two Mexican police are shot and 100 miners killed. The lumber yards have been blown up with dynamite by the raiders. Mexican troops are being rushed from Hermosillo by Gov. Ysabel. Americans, armed with rifles, are demanding admission into Mexico from Naco, just across the border line, in order to aid Americans in the city of Sonora. Col. Greene's family has been sent on a special train to Naco. About 3,000 miners are employed in the mines, of whom the majority are Mexicans.

Fifty Years Ago
June 3, 1931

ROME — With the Italian government apparently determined to keep the clubs of Catholic youth closed, speculation was rife here tonight as to whether the Pope might denounce the Lateran treaty and resume his voluntary imprisonment in the Vatican. While the government's decision regarding the reopening of the clubs is still pending, intense anxiety prevailed in the Vatican. The Italian authorities maintained absolute silence except to admit that conversations were in progress. There is every desire on the Vatican side to prevent a break, but there is no hiding the fact that the dissolution of the Catholic clubs has made a very grave impression in the Vatican.



Poverty and an Indian Village

By Victor Zorza

Victor Zorza is spending the next year living in one or more Indian villages. The village in the article below is not named, because those mentioned feared that if it were, they might be harmed.

In the village I met Ravi, a bright 13-year-old boy with the eyes of a frightened old man. It was days before he managed to sneak out of the house to talk to me. Every morning, he said, the farmer woke him at 5 o'clock and then went back to sleep. Ravi cleaned the cowshed and then grazed the cattle for the rest of the day.

What days off did he get? Ravi seemed not to understand the question. Did he work every day? "Every day," he repeated dully. He got two meals a day, and two sets of clothes a day. He was wearing one set now. A dirty vest, torn shirt and the grubby towel wrapped round his shoulders against the evening chill.

He had been bonded for a year, even though bonded labor is illegal in India. How did it come about? "My family needed the money. I had to do as my father said." How long would it last? He shrugged his shoulders. Didn't he mind? "My father wouldn't have done it if it wasn't necessary." He paused. "It had to be."

When he grew up, would he bond his own son? He examined my face for clues. Had I come to make trouble? No, he answered hesitantly, he wouldn't bond his own son. But he would say no more.

Fifty percent of India's population of 84 million live below the poverty line, and in other developing countries the proportion is often higher. These are the conditions that give rise to bondage, which can take many forms. I have been asked here: Why borrow in the dirt, when India has thriving new industries, artificial earth satellites, impressive agricultural development projects?

Because, to appreciate India's progress, one must grasp the difficulties it had to overcome to achieve it. One must learn first how most of its people still live to understand what made Ravi's father do what he did.

Another week went by before Ravi's father agreed to meet me. At 48, he was an old man — emaciated, with lined face, grizzled beard, a ragged towel round his head. Why had he bonded Ravi? "For our livelihood," he answered resolutely. "We have nothing. Only our labor. This is the sixth year of the drought, so there's little work."

How much did he get for his son? Five hundred rupees (\$37). How did he spend it? "For our livelihood," he repeated.

Back to School?

When would Ravi go back to school? "At the end of the year, when I repay the 500." But where would he get the money? No answer. He looked cornered.

The only way out is, somebody else will have to be bonded," he muttered hopelessly. "Maybe have to go into bondage myself," he added angrily. And then, desperately, he asked: "What do others know of our problems?" But Ravi's father had not told me the whole truth. He had said at first that he had traded Ravi to ensure the family's "livelihood."

In fact, the money was used to finance his eldest son's wedding. My first reaction was outrage that a child should be family celebration pay for a passing family celebration. But Datta, Ravi's father, was puzzled by my questions. "Of course" he had to have money for the wedding. How else could you celebrate a marriage? "How was the money spent?" "There were the clothes, of course." What clothes, why "of

course"? He ignored the question. What else, then? They had to feed 60 guests. Why did they "have to," if they couldn't afford it? What about the simple marriage ceremony advocated by some of the social workers in the area?

"That's not for us poor people." A rich man's son, I was told, had been educated in the city, and then refused to have a "proper" wedding. His first child died.

Datta was beginning to resent the questions, but I persisted. "All right, then, we had to buy the jewelry, too."

"Jewelry" was a misnomer. There was the gold-colored thread that serves the same function as a wedding ring in the West, but also acts as a charm. Then there was the toe-ring, to signify the woman's complete subjugation to her man. Then the nose-ring, the earrings ... each with a wealth of meaning, each indispensable.

To us, they may be trinkets. But they provide the woman's only material security if her husband leaves her. It is necessary to understand this before anything can be done about a system that condemns Ravi and 2½ million others to a life of servitude.

There are many varieties of bonded labor, differing from one area to another, sometimes from one village to the next. But in essence the father of the family bonds his son — or, more rarely, himself — in return for a loan and sometimes the interest on it. The borrower is usually illiterate, often a untouchable.

The high rate of interest or repeated additional loans drag the borrower deeper and deeper into debt, and the bond is extended, passing sometimes from father to son.

The bonded laborer must do any work assigned to him, lives either at home or with the master — usually in the cattle shed — and is not free to leave his village. Because bonded labor is illegal, records of the transactions are rarely kept. Because the laborer is usually illiterate, the master's calculation of the extent of the debt cannot be gamed.

The government's efforts to enforce the 1976 decree abolishing bonded labor can make little headway in face of the subtle threats, even more compelling than the demands of tradition, which are used to perpetuate the system.

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France's Communist Dilemma

By Flora Lewis

PARIS — The United States is making appropriately friendly noises to the new Socialist government of France. And they are reciprocated. But Washington has already begun warning that admission of any Communists to the government after the legislative elections this month would inevitably cloud the relation.

This is a reflex reaction. The question deserves a close look and a suspension of judgment until the circumstances can be clearly analyzed.

The setting is already visible. President Francois Mitterrand is launching a series of signals that his France wants to be a good ally. Even before he has a chance to give the message directly to President Reagan in Geneva in July, his foreign minister, Claude Cheysson, will take it to Washington this week.

Mr. Cheysson has laid down a blunt line on any notions of neutralism. He was asked about the trend in Europe generally and in Britain specifically. "It does exist in some places, but in an old nation like that, it's stupidifying," he answered. "Yes, there is a danger of neutralism. It means giving up, the sign of an immense fatigue. I despair of it. I see much less of this danger in France. That's quite a remarkable sign of good health."

In France, Britain, Germany, at the European level and that of the Atlantic alliance," he said, "we have to know what we're about: respect for man, freedom ... When that is clear, then neutralism makes no sense."

Negotiations

Political negotiations have begun between the Socialist and Communist parties here, but on a very different basis from their erstwhile alliance broken by the Communists in 1977.

Nonetheless, Mitterrand received Communist votes and knows he wouldn't have been elected without them. Now, his party will need Communist support to form a parliamentary majority. But the Communists are even more in need of an agreement with the Socialists to retain a respectable part of their 86 seats in the 491-member assembly. Current prospects are that they will lose as much as a third even if they do reach a deal with the Socialists.

This is a sea change in French politics. Both the Socialists and

Communists know it, and it has brought another of those almost farcical reversals in Communist behavior.

One member of the Politburo is campaigning for the assembly with election posters calling him a "candidate of the left" without mentioning his party. All Communist attacks on Socialists have suddenly stopped.

Nobody is fooled. The Socialists are likely to wait until after the first round on June 14 shows exactly how much the Communists have weakened before making a second-round bargain and considering the question of government posts.

Conditions

They have outlined some major conditions already. These include a firm stand against Soviet intervention in Afghanistan and Poland, support for the NATO Euro-missile plan and prudent, gradual application of economic reforms at home.

The conditions are so tough that they would seem deliberately impossible if the Communists weren't so clearly in a bind and the Socialists so overwhelmingly in command. But if election results sustain the present trend, the Communists may accept almost anything to claim at least a junior partnership.

Then why not freeze them out completely? The crucial problem for the Socialists is to establish a sufficiently calm and hopeful economic climate to deliver promised reforms, without which their electorate would be quickly disillusioned and they could swing back to the Communists in protest. They will need not only Communist votes in the legis-

UN Labor Watchdog Welcomes Walesa

By Iain Guest

GENEVA — This week, the Polish trade union leader Lech Walesa will address delegates at the annual conference here of the International Labor Organization (ILO).

That a man of Mr. Walesa's stature should be appearing in Geneva where the situation in Poland is so fluid is a fillip for the United Nations system, at a time when UN agencies are under attack from their Western members for inefficiency and waste.

It will be doubly welcome in the ILO itself — an organization that has still not recovered (either in terms of budget or morale) from the two-year absence of its largest contributor, the United States.

Mr. Walesa's visit has profound implications for the agency's work, particularly in human rights. The ILO is the UN's labor watchdog. Among its concerns are occupational diseases and accidents at work that kill and maim thousands each year, the fact that throughout the world no less than 55 million children under the age of 15 are working, the abusive treatment meted out to many of Western Europe's 13 million migrant workers and their families, who contribute to national wealth but are often denied pensions, unemployment and sickness benefits, and the continuing struggle of black trade unions to assert themselves against apartheid in South Africa.

'Basic Needs'

In addition, the ILO has contributed toward employment creation in the Third World, where 1 billion people live in destitution. Four years ago, it began to urge governments to concentrate on providing for "basic needs" such as shelter, food and clothing. This, it suggested, would fuel demand in the villages of the Third World which would eventually benefit even Western exporters. This is the same theory of "global interdependence," of course, that forms the backbone of the Brandt Report.

All this is important, but what really sets the ILO apart is its human rights machinery, which is the oldest and most tested of any international organization. It takes the form of 153 labor conventions. Among the most important are those on the minimum working age, on the right to form and join free trade unions, and on collective bargaining. A new one due to take effect in November concerns working conditions at sea.

In recent years these conventions have resulted in endless skirmishing. They have been openly attacked by many Third World governments, led by Malaysia and Singapore, which fear they will encourage British-style labor militancy and ruinous wage demands. They have been savaged by the Soviet Union, which argues that the notion of a free trade union, whatever its relevance to the individual political freedoms that underpin Western democracy, has no place in a Socialist system that caters to broad economic rights of the masses.

The conventions have even caused problems for the U.S. Congress, which has not ratified a single one dealing with human rights — worried by their implications for the delicate division of power

between states and federal government, and the added muscle they might hand to American labor unions.

During the last two years, this ILO machinery has been tested by a series of controversial investigations against labor abuses in the Soviet Union, Poland and Czechoslovakia. The Russians were accused of suppressing the free union of Soviet workers and the interprofessional union (GOST) the Poles, of putting down the workers' committees (KOR), and the Czechs, of discriminating against the signatories of the Charter 77 manifesto.

The result cannot really be evaluated without reference to the two major events in contemporary ILO history: one, thankfully past, the U.S. withdrawal in 1977; the second, yet to come, Mr. Walesa's appearance here this week.

Midwest Missions

Henry Kissinger, it will be recalled, pulled the United States out of the ILO for three reasons. First, there was the series of "political" resolutions against Israeli practices in the occupied territories without even the semblance of a first-hand investigation; second, there was anger at the fact that the ILO's human rights machinery had been employed in defense of labor in Eastern Europe; and third, there was a feeling that the lack of independent trade unions and free enterprise in Eastern Europe made nonsense of the ILO's "tripartite" structure, which brings together unions, governments and employers.

But the ILO has now acquired itself well on all three counts. ILO missions have visited the occupied territories for four years. Their latest report indicates that while the living standards of Arabs have risen, occupation has turned the territories into a satellite of Israel.

As for human rights, what better answer than the presence of Lech Walesa? He comes as head of the Polish union contingent to the ILO conference, showing once again that the Polish government accepts Solidarity as a genuine representative of Polish labor. Not only does this confirm the ILO's "tripartite" structure, it reasserts the agency's role in human rights.

It was Solidarity itself, during the first exuberant days in Gdansk last summer, which stressed the obligations undertaken by the Polish government when it ratified ILO Convention 87 on freedom of association — and Solidarity which used it as a yardstick in the subsequent negotiations.

Since then, a steady stream of senior ILO officials have visited Poland with advice on new labor legislation. The result is a draft law that goes even further than some ILO conventions, by allowing for the right to strike.

No one would suggest that this is all due to the ILO, but (officially at least) the new Polish labor law is seen as one of the many changes made since 1963 in response to ILO pressure. Poland is an answer to the skeptics — but a more convincing answer is still needed, to judge from U.S. representative at the United Nations Jeane Kirkpatrick's severe comments on the ILO at congressional hearings on May 12.

The skeptics are already pointing to the inconclusive end to the ILO investigations of Czechoslovakia and the Soviet Union. In Czechoslovakia, Charter 77 members are still unable to find work, while the Russians blustered and bullied through two years of ILO probing into the fate of self-styled trade unions.

This lack of movement in the Soviet Union is dismaying but the pressure continues. In the next four weeks here the ILO conference will digest the conclusions of a standing body of 17 legal experts who regularly review all ILO conventions. In the past they have accused the Russians of forced labor — because members of collective farms are not free to leave and seek employment elsewhere — and because Russian "penal" laws mean a man can be arrested for vagrancy if he refuses to take the job offered to him. This year, the experts have again complained at the subservience of unions to the Communist Party.

This dialogue is long, laborious and unspectacular, but at least it takes place, at a time of dangerous East-West tension. The ILO deserves encouragement and support. But the Reagan could do worse than push for the ratification of ILO conventions in the United States — conventions that are fundamentally compatible with U.S. values.

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DEMOCRACY, SEVEN YEARS LATER:

The voters have shown a strong sense of balance, rejecting the remarkably bold moves from either right or left. Meanwhile, the outcome of the struggle in Spain is sure to be felt in Portugal.

By Ken Pottinger

LISBON — Portugal's democracy turned 7 earlier this year, and there were plenty of glasses raised to its continuing good health. While it is true that the previous oppressive regime retreated only in the face of tanks commanded by leftist troops disenchanted with colonial wars, the country has settled down remarkably well.

The Portuguese have sought an admirable balance in national affairs, hedging their bets against any overly bold political initiatives from either the left or the right. They celebrated this year in 1980 by swinging overwhelmingly behind the ruling conservative government in elections in October, and the incumbent moderately center-left president in a ballot two months later.

This power-sharing, while demonstrating the electorate's desire for political equilibrium, threatens institutional deadlock because of opposition to the president from the government.

With its 18-seat majority gained in the parliamentary elections, the Democratic Alliance, composed of Social Democrats, Christian Democrats and monarchists, campaigned relentlessly against President Antonio Ramalho Eanes, seeking a sharp rightward swing. But fate stepped in. Premier Francisco Sá Carneiro, the leader of the anti-Eanes campaign, died in a plane crash on Dec. 4. This ensured the head of state's re-election three days later.



Premier Balsemão (left) and President Eanes

The death also thoroughly demoralized the government and tens of thousands of supporters. Six months later, this is still felt. But hard-line rightists in the Alliance are still attempting to manipulate the circumstances surrounding the crash, and use any other available ammunition, to undermine Premier Francisco Pinto

Balsemão. Essentially, they disapprove of his position on the left of the Social Democratic Party and of his more conciliatory approach to the head of state.

Mr. Balsemão, a former newspaper editor, lawyer and founding member of the Social Democratic Party (the major partner in the co-

alition), has taken longer than anticipated to make his mark on the country. But the hiatus has apparently been deliberate, and serves to differentiate his style from that of his combative predecessor. Nevertheless, Mr. Balsemão's critics claim that Cabinet performance has been so lackluster that the government has become invisible.

In counterpoint, the Communist opposition is calling suddenly for Mr. Balsemão's dismissal on the grounds of "undemocratic" rule.

The premier's attitude fits the government's philosophy of lowering tensions and pressing ahead with its four-year program, and there seems little doubt that the Alliance will remain in power for its elected term. Less certain is the future of the premier and his Cabinet, who may find themselves unable to withstand the moves against them.

Internal events are not the only ones marking the political scene. The unsuccessful coup in February in Madrid has raised fears that a successful military takeover there would cause dangerous turbulence for Portuguese democracy.

Political and social events in the Iberian Peninsula have always to some extent been related, from the days when the royal houses were fighting for control of the kingdoms. The two Iberian dictatorships of this century had a formal pact, and the Portuguese revolution in

(Continued on Page 85)

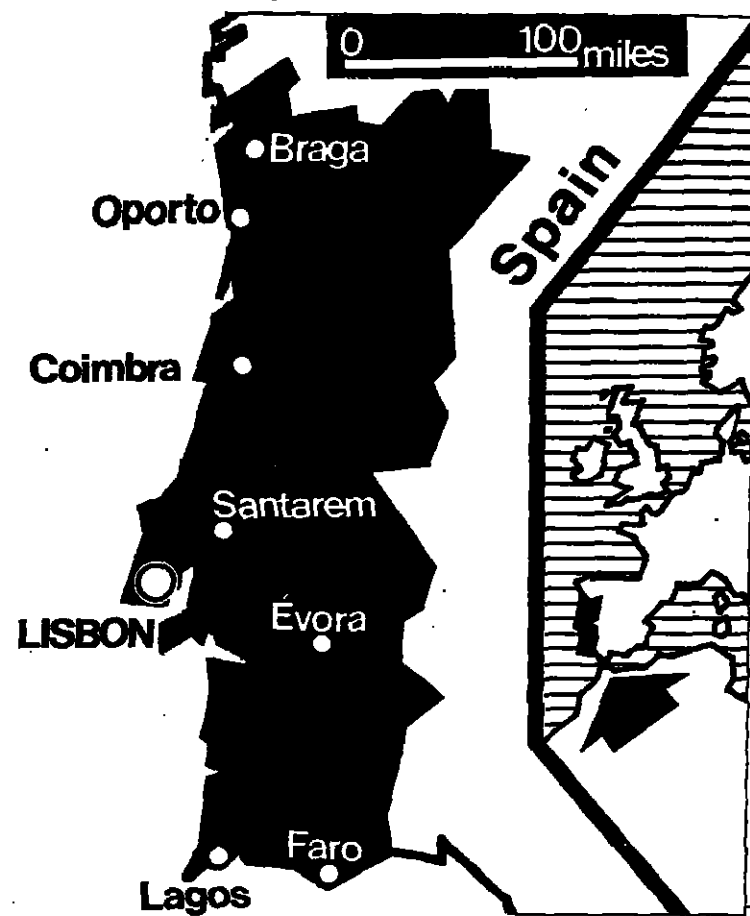
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PARIS, JUNE, 1981

PORTUGAL

A SPECIAL SUPPLEMENT.



Lisbon Mayor Transforming Old Capital

By Mary Castanheira

LISBON — The capital, according to its surrounding conservative mayor, Nuno Abecassis, will be unrecognizable in five years. His words are intended to herald drastic changes for this ancient town. But for some, the words are a nightmare. Conservationists and some government departments are up in arms over the mayor's plans to transform Lisbon into a "grand metropolis on the European style."

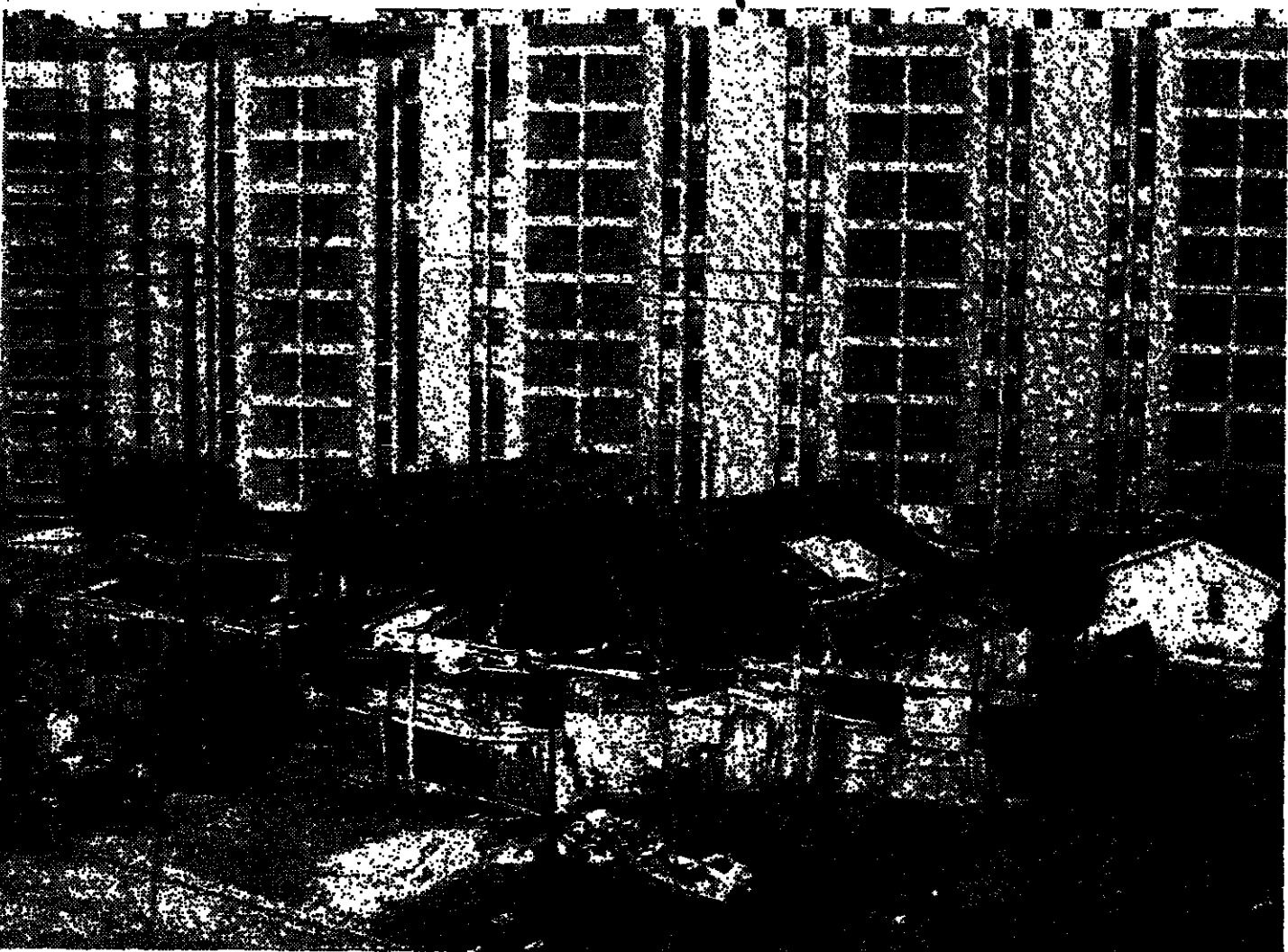
His critics say that the 51-year-old Christian Democrat is bent on applying cold industrial management techniques to a fast-growing urban center while ignoring its historical and cultural soul — not to mention the tourists. The charms of Lisbon, according to many visitors, is its unspoiled provincialism, its magnificent scenery and its architectural integrity.

Mr. Abecassis, a trained civil engineer, said, "I want to combine the ancient with the modern needs of this city, making it a pleasant place to live in, like Rome." For most people, however, the only resemblance between the two capitals is their being built on seven hills, but this does not stop Mr. Abecassis.

Slum Clearance

Despite growing opposition to many of the mayor's ideas, town planners acknowledge that his slum clearance scheme is a major breakthrough. Mr. Abecassis recently announced a program to rehouse 169,000 residents of slums, degraded housing or buildings threatening to collapse. Thirty-thousand of these live in sprawling slums close to the city center, and priority is being given to a crash building project of satellite towns estimated to cost nearly \$40 billion. The plan is to complete the building in 10 years, and tenders for the first phases have been awarded.

To meet these huge costs, Mr. Abecassis has devised a scheme using city-owned land and private building contractors. The buildings are allowed to develop 85 percent of this land for their own profit but must use the remainder to



LISBON LANDSCAPE: A mass of new buildings towers over shanties

rehouse needy families in low-cost, fixed-rent housing. With municipal elections scheduled for 1982, the mayor, elected for three years, is determined to start his building program by Jan. 1. He has also outlined plans to modernize transportation, garbage collection, waste treatment, roads and sanitation networks.

The fiercest criticism has been aimed at several controversial schemes involving historic Lisbon monuments and areas of national pa-

trimony. State officials concerned with preserving the country's heritage have clashed with Mr. Abecassis over at least two projects in the city, and are hastily compiling a list of buildings and areas to be preserved at all costs. Urban planners say that projects to build skyscrapers and central shopping malls are unworkable and will scar the capital.

One of the mayor's biggest battles is over his plans to alter Lisbon's Moorish St. George's castle, built on a hill above the Tagus estuary

to defend Lisbon against invaders. Workers are excavating medieval prison cells and a Moorish water cistern for cheese and wine bars, which the mayor hopes will liven up the castle after dark.

The mayor is not put off by the criticism, and he seems to believe in the fait accompli, moving fast once he has decided to do something. His critics so far have taken a lot longer to mobilize their counteroffensive.

Rapid Changes Bring Concern for Environment

LISBON — The drive to modernize Portugal in anticipation of its entry into the European Economic Community will bring major changes to urban and rural areas, and there is growing concern about the ecological impact of new industries, nuclear and other energy projects, and mass building schemes.

Under pressure from the Monarchists, who are minority partners in the ruling coalition, the government created a ministry concerned with the quality of life, which was led by a Monarchist, Augusto Ferreira do Amaral.

er. But Mr. Do Amaral warned that the Monarchist Party was pressing for a national referendum, despite the present lack of constitutional machinery to do this, and would call for a full public debate in parliament before any decisions were made.

Meanwhile, opposition to Spanish plans to build a series of nuclear plants near the border is growing in various parts of the country. In the northeastern province of Trás-os-Montes, the people of the border town of Miranda do Douro are up in arms, along with Spaniards across the frontier, as the Sargos power plant nears completion.

The Portuguese say they fear the effects on wine cultivation of hot-water effluent in the Douro River. And, like the Spaniards across the border, they fear a nuclear accident.

Enormous Costs

This growing agitation is certain to affect any Portuguese attempt to build nuclear power plants.

The enormous costs of building a plant (about 1 billion escudos) and the 10-year period before it is operational are also factors being weighed by the Cabinet.

The Junta da Energia Nuclear, an official body established more than 10 years ago to study the issue, is convinced of the efficiency and inevitability of nuclear reactors in Portugal. It believes that the nation's size and its lack of any but hydroelectric resources point inexorably to nuclear energy as the cheapest alternative.

The junta calculates that three plants would be built once the government makes up its mind, the first requiring between 10 and 14 years before starting up. France, the United States and West Germany are known to be lobbying for construction contracts, but the Portuguese have not yet indicated a preference.

The junta is not overly concerned about the problems of waste, believing that storage can be arranged, but it is strongly opposed to dumping these wastes in the sea, mainly because of Portugal's dependence on the sea for food and tourism.

Planning Scheme

Apart from the nuclear question, the ministry is responsible for drawing up and implementing Portugal's first national planning scheme, which will eventually zone the entire

country for various types of development and preservation. A pioneer scheme is nearing completion in the area south of Lisbon, while a similar scheme for the Algarve is in an advanced stage.

Unauthorized Construction

Mr. Do Amaral said that these plans would enable the authorities to put an end to a rash of clandestine and unauthorized construction in populous areas. They will also lead to a balance between the demands of new industry and the recreational needs of people. Natural parks and preservation areas will be clearly defined.

The government wants to ensure that, by the time Portugal enters the EEC, there will be a set of regulations on air and water pollution.

The policy will be to make the polluter pay. The Tagus River and other main rivers, which are chronically polluted by industrial and human waste, are being tested.

Air pollution already is controlled in five main regions, an attempt to inhibit the worst effects of industrial air pollution; other zones are being studied.

More importantly, the ministry intends to push for the control of coastal pollution in the main tourist areas — the Algarve and the Lisbon coast. A commission is studying the Algarve's infrastructure needs, but the enormous capital investment required to build sewer treatment plants and install drains is inhibiting progress.

— KEN POTTINGER

Parity With EEC Dominates Economic Planning Targets

LISBON — When Finance Minister Joao Morais Leitao presented his budget earlier this year in the Portuguese parliament, he said that its main thrust was to prepare the nation for membership in the European Economic Community. The budget was aimed at growth to help close the gap between the levels of development in the EEC and in Portugal.

Along with the budget came the government's proposals for a medium-term plan, the first such document drawn up since the revolution, and a cornerstone for orderly future development. Government planners aim at a European model for the Portuguese economy — summed up in a policy of simple private initiative coupled with social justice and regional development. There are also proposals to modernize industrial processes, increasing productivity and competitiveness.

The economic objectives of the 1981-1984 plan are condensed in these highly ambitious, and perhaps impossible, figures: The gross national product must rise by an average of 5 percent a year; gross fixed capital formation is targeted at an annual rate of 8 percent; exports must rise 8 percent a year, with imports not to exceed 5.1 percent; domestic consumption is to average 5 percent, although in the particularly backward agricultural sector there must be an 18-percent annual growth; real salaries are to increase 2.5 percent a year while inflation is to be gradually reduced from about 17 percent to a four-year average of 13.5 percent, the present European average.

Over this medium term, the current account deficit — \$1.2 billion last year — will be allowed to rise steadily to \$2 billion in 1984 as long as oil price increases do not exceed 15 percent a year, a vital point in a country importing 83 percent of its energy needs.

The planners also hope to reduce unemployment — now at 8 percent — by creating 250,000 jobs through investment and improved training. The national minimum salary, now

Exchange rate: \$1 = 61.48 escudos

9,000 escudos a month, will be updated annually by the year's inflation rate. So the per capita income is projected by 1984 to increase from \$2,070 a year to \$4,155.

The ambitiousness of this project to transform Portugal into a competitive EEC partner in four years must be viewed against the background of a world slump, the high cost of fuel and a probable zero growth rate in the member countries of the Organization for Economic Cooperation and Development.

Nevertheless, 1980 was Portugal's most successful year. Productive investment grew 9 percent. Foreign investment, starting from a minute base after the 1974 revolution, has doubled each year to reach \$200 million in 1980, with 68 percent of this destined for new companies or expansion of plants. Remittances by emigrants and receipts from tourism — the two major sources of foreign currency — reached records at \$2.2 billion and \$1.1 billion respectively. Inflation dropped to about 17 percent while real export earnings were up by 7 percent.

The country's financial position looked reasonable healthy at the end of the year, with all

but 1 percent of its 700 metric tons of gold reserves (valued at \$10 billion) pledged-free, and about \$4 billion worth of hard currency reserves tucked in the national vaults.

This turnaround is remarkable when viewed against the country's recent history. Since the coup in 1974, Portugal has had five years of political turmoil, 12 governments, stopgap economic measures and a tough austerity program in 1977-1978 imposed by the International Monetary Fund. This resulted in a reversal of a \$1.5-billion current account deficit in 1977 to a \$50-million surplus in 1979. As an economist put it, "The IMF program for Portugal was one of the most successful ever devised. It actually worked."

The buoyant financial situation has attracted loans from international bankers. Competi-

'Planners aim at a European model for the economy ... ample private initiative coupled with social justice and regional development.'

tion among the bankers is so fierce that Lisbon has been able to negotiate some fine interest margins on recent Euro-market loans. And the loans are now guarantee-free, unlike six years ago, when Portugal was obliged to hock half its gold reserves in a desperate bid to feed its population.

The World Bank estimates that Portugal's current strengthened economic situation merits enough confidence to enable it to run an annual current account deficit for the next five years of \$1.5 billion, a comforting thought for the Lisbon finance officials, whose development plans may well lead to such figures. A central bank source went as far as to say that Portugal was able to handle a large balance of payments deficit — possibly as high as \$2 billion this year — without being in danger of returning to IMF-type austerity.

The reasons are that its financial managers have the expertise and resources to deal with this level of debt and that the deficit is financing productive investment, not, as in 1977, food import bills and loan interest.

Nevertheless, the medium-term plan faces several conditioning factors. Because Portugal depends heavily on imported materials and machinery to produce its exports, the trade gap is likely to widen significantly under the push for development. At the same time, rising imports will bring increased imported inflation that will curb the benefits of the improved growth rate.

The difficulties of aiming for expansion during a worldwide recession are illustrated by the sharp volume drop in Portuguese exports last year, down from 23 percent in 1979 to 8 percent in 1980. The government aims to maintain this lower level in 1981 despite admitted difficulties in selling Portuguese products abroad, especially vital textiles.

— KEN POTTINGER

Brazilian TV Serials Altering Accents and Culture

By Martha de la Cal

LISBON — A common complaint these days: "Our people are forgetting their language. They are all becoming Brazilians!"

In the last seven years, since the National Television Co. bought its first telenovela, (television serial), "Gabriela," from Brazil's Globo Productions, Brazilian slang, songs, dress and accents have been overwhelming Portugal.

A Portuguese television producer said, "It was like Dr. Faustus calling in Mephistopheles and then not being able to get rid of him. The Portuguese television company brought in the Brazilian telenovela and now they can't get rid of it. Everyone looks at it every day. They can't help it. They are hooked."

Not long ago, people began to ask, "Why don't we have a Portuguese telenovela?" Even the government has become concerned. But Portuguese television is usually short of money, and it has neither the equipment nor the facilities to produce such a television serial — which would cost eight times as much as it does to rent one from Brazil. Therefore, the television company has decided to call in an independent producer, Thilo Krasemann.

Mr. Krasemann, 48, was born in Germany but has been involved in music, radio and television production in Portugal for the last

25 years. He studied music in Trossingen — the home of Hohner accordions — and became a music teacher like his mother. His father was a musician, and his band played on board Bremen ships between Germany and the United States. Thilo Krasemann came to Portugal to teach music and later formed a group, Thilo's Combo. "When I got too old to be playing around clubs, I went into producing," he said.

He now has his own company, Edipim, which produces everything from advertising jingles to television series with 20 to 30 episodes.

Portuguese television chose him to produce a telenovela because of one of his recent comedy series, starring comedian Nicolau Breyner. The show ran for 28 weeks and featured a takeoff of the Brazilian telenovela. Mr. Breyner portrayed a Portuguese emigrant who returns to his hometown in Portugal and finds to his bewilderment that everyone speaks and acts like Brazilians.

The contract has not yet been signed, and there is still opposition to its being given to an independent producer, but Mr. Krasemann is making plans and would like to have his telenovela ready when the latest Brazilian one finishes in the fall.

"We will use Brazilian methods, such as



Producer Thilo Krasemann

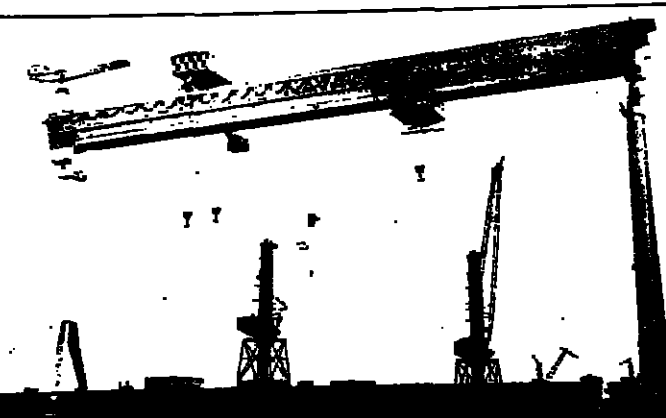
taking daily polls to see how the public wants the story to evolve. The Brazilians produce an episode per day, but we will start out doing one every two days. Producing these serials is not sophisticated art. The director must realize that he is just putting on a pictorial story that everyone can understand. We

figure we can produce the whole telenovela in 300 days at a cost of \$1 million," he said. Most of the serials will be shot on location — a small palace in Sintra and a farm near Lisbon — because there are not enough studios to store the sets.

Mr. Krasemann has a story outline, and the writing of the preliminary script has been given to radio and television serial writer Odette de Saint-Maurice. "The story takes place in Portugal now and deals with typical Portuguese problems of emigration, labor disputes, lack of housing, religion and conflicts between generations," he explained. "To assure a real Portuguese flavor, some of the main characters will be a worker in a sardine factory who had been an emigrant in the United States and later in Portugal's former African territory of Angola, and members of the factory owner's family. Several love stories will run through the plot."

He expects a negative reaction to the early episodes from viewers who are accustomed to the Brazilian product. "People will be saying, 'There is something wrong. This is not taking place in Rio, and the people are not speaking like Brazilians,' but we think we can get them to accept a real Portuguese telenovela if we follow the formula and the story moves."

MAGUE



EQUIPAMENTOS DE ELEVAÇÃO E MOVIMENTAÇÃO

- GUINDASTES
- PONTES E PORTICOS ROLANTES
- PORTICOS GIGANTES
- PORTICOS PARA MOVIMENTAÇÃO DE CONTENEDORES
- EQUIPAMENTOS PARA FINS ESPECIAIS

LIFTING AND HANDLING EQUIPMENT

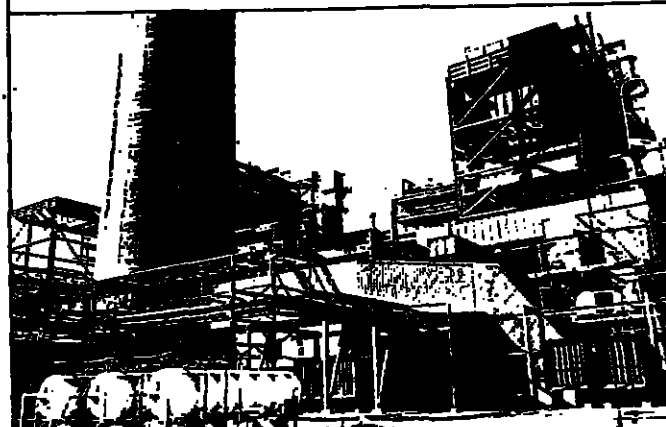
- JIB AND TOWER CRANES
- OVERHEAD AND GANTY CRANES
- GOLIATH CRANES
- CONTAINER CRANES
- SPECIAL HANDLING EQUIPMENT

EQUIPAMENTO DE PRODUÇÃO DE ENERGIA

- CALDEIRAS (Licença Foster Wheeler Energy Co.)
- TURBO-ALTERNADORES (Licença Brown Boveri & Cie.)
- TURBINAS HIDRÁULICAS (Licença Vevey-Nohels)

POWER STATIONS

- BOILERS (Licença Foster Wheeler Energy Co.)
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PORTUGAL

PORTUGAL

Shift from Africa: 'We Are European'

LISBON — Engineer Antonio Vasco de Mello, the 50-year-old founder and president of the Confederation of Portuguese Industry, does not belong to a political party, but he admits that if he did it would be the Monarchist Party.

With reason. He is descended from royalty on both sides of his family. His mother's family were the O'Neils, members of the Ulster Irish Catholic royal family, who fled to Portugal in the 17th century. His father was the Portuguese marquis de Sabugosa, grandson of the historical writer, the count of Sabugosa, a founding member of the literary group Vencedores da Vida along with novelist Eça de Queiroz. Mr. Vasco de Mello is the count of São Lourenço. "We have not taken part in politics since the kings disappeared from Portugal," he said.

He did, however, take an active part in opposing the leftist takeover of Portugal following the 1974 revolution and in preserving the concept of a free market economy by forming the 47,000-company-strong Confederation of Portuguese Industry — an organization similar to the American Chamber of Commerce — which acted as a pressure group and created an image of strength for private industry to combat worker takeovers of factories and state control of industries.

"We kept the message of market economy alive so that it could make a comeback. It is still not re-

stored completely, but we are nearer than we were," he said.

Mr. Vasco de Mello is relatively satisfied with the government of Premier Francisco Pinto Balsemão, but he would like to see it take more concrete steps to help private industry. "This government must change the structure of the labor laws and define the limits of state and private sectors to show us their intentions are serious," he said. "They are making good music, but it is still only music."

Studies Abroad

He was educated in Lisbon as a mechanical engineer, then went to Germany and Austria for practical studies in steel manufacturing areas. Back in Portugal, he went to work in his family's company — Companhia Portuguesa de Trefilagem, which produces 60,000 tons of wire and wire products a year, employs 700 people and now has annual sales of \$40 million.

When Mr. Vasco de Mello was not at the company, he was sailing. He sailed in the U.S. World Championship in 1963, in North Africa in 1964 and in the Olympics in Mexico in 1968.

The family company weathered the revolution virtually unscathed. Mr. Vasco de Mello attributes this to the fact that they maintained good relations with their workers: "We had always been liberal with our workers. By 1967, we had already named a workers' committee, so when the revolution came,

the Portuguese hope that this, and a little help from their friends, will ensure that the system continues.

Constitution

Yet most commentators in Lisbon warn that a rightist military takeover in Spain would place heavy strains on Portugal, partly because of the common border and the increasing arrogance of the vociferous Portuguese extreme right. If there were a coup in Spain, attempts would probably be made to speed up Portugal's entry into the European Economic Community as a way of linking the country firmly with the rest of Europe.

Meanwhile, the government,



Antonio Vasco de Mello

there was no reason for them to try to take over."

He wants to see Portugal join the European Economic Community rather than look toward Africa as it did before it lost its territories. "We must become part of Europe. Before now we didn't know if we were a small European country with large African holdings or a large African country with a little bit in Europe. The choice has been made for us. We are European, even though there is still opportunity for trade in Africa—but on different terms."

—MARTHA de la CAL

Eanes: Focus on World Role

LISBON — Antonio Ramalho Eanes, an austere army general who was re-elected in December for a second and final presidential term, is well-briefed, keenly interested in international politics and a hard worker.

Lean and unexpressive, the 46-year-old general — who shot to prominence for his key role in stemming an attempted Communist coup in 1975 — was re-elected with 56 percent of the vote. He was backed by the Socialists and unofficially by the Communists and part of the governing Democratic Alliance electorate, dealing a severe blow to the conservatives' attempts to control both the government and the presidency in Portugal's power-sharing system.

In an interview, the moderately center-left head of state praised Portugal's progress toward consolidating its democracy, which ended nearly 50 years of dictatorship in 1974. The president believes that Portugal is calmly making the transition from the world's longest-surviving colonial power to a candidate member of the European Economic Community.

Strongly in favor of membership, President Eanes would like to see some of Portugal's "personality," as he described it, incorporated in the move. "Portugal's cultural and historical traditions could make an important contribution to the Community," he said.

He sees economic development as a priority, but he warned that this necessary modernization should not obliterate Portuguese traditions. He also stressed the need for greatly improved educa-

tional opportunities and more widely based political activity.

In summing up his first five years in office and the period ahead, the president expressed satisfaction at the way democracy was taking root and called for its "dynamic" extension to all levels of national life. While admitting that recent upheavals in Spain, especially the unsuccessful coup in February, were worrying "because

The president says that balanced military strength between the superpowers is necessary for world peace. But he also urges a balanced, progressive arms reduction.

events in the Iberian Peninsula, tend to be interrelated," he expressed confidence that democracy was workable in both countries.

Discussing the state of relations between Lisbon and Washington, the president stressed the benefits of continued U.S. aid to Portugal and the strengthening of the links, underlined perhaps by his own close friendship with U.S. Secretary of

State Alexander M. Haig. But Gen. Eanes cautioned that the evolution of these ties would be conditioned by Portugal's position as a budding member of the EEC.

Turning to President Reagan's hard-line policies toward the Soviet Union, the president called for a balance of forces between the superpowers to preserve world peace. "A balanced arms deterrent, especially in the European theater, is necessary," he said. But Portugal also supports a lowering of tensions between East and West, and Gen. Eanes urged a conscientious implementation of the Helsinki accords. "In this way," he said, "a balanced and progressive reduction in arms leading to global peace" can be achieved.

He reaffirmed Portugal's longstanding commitment to NATO, of which it is a founding member, but criticized the organization for not delivering on promises to help re-equip and modernize the Portuguese armed forces. "We expect as a full NATO member to take part in its decisions, meet its costs and receive its benefits," he said, adding that Portugal's 15 years of experience in the African wars was something that NATO had yet to take advantage of.

The president strongly criticized interference in other nations' internal affairs, raising this as one of the most pressing problems. "Direct or indirect interference by foreign forces or foreign states in individual countries" has to end, he said. He emphasized the need to try to improve the distribution of wealth between the developed and developing nations, however.

—KEN POTTINGER

Portuguese Democracy, 7 Years Later: Sense of Balance Prevails

(Continued from Page 75)

1974 helped to push Spain toward democracy. Nevertheless, Portuguese leaders repeatedly affirm that their democracy is firmly rooted.

The domestic situation is stable. The military are tightly controlled and almost completely removed from their political position of seven years ago, when they overthrew the 48-year-old dictatorship.

For the first time also, the country has a majority conservative government with a mandate to rule until 1984.

There is a fierce determination to make democracy work, and a remarkable structural stability has emerged despite the political upheavals that followed the revolu-

tion. The Portuguese hope that this, and a little help from their friends, will ensure that the system continues.

Constitution

Yet most commentators in Lisbon warn that a rightist military takeover in Spain would place heavy strains on Portugal, partly because of the common border and the increasing arrogance of the vociferous Portuguese extreme right. If there were a coup in Spain, attempts would probably be made to speed up Portugal's entry into the European Economic Community as a way of linking the country firmly with the rest of Europe.

Meanwhile, the government,

apart from trying to calm the Alliance's right wing, has several priorities before it. First, it is preparing for the fundamental revision of the 1976 constitution, a task to be studied by a special parliamentary committee in extended session in July.

The present charter, a confusion of programmatic Marxist ideas conceived during the revolution, can only be revised with the support of two-thirds of the deputies. All the signs point to a deal that will ensure support from the major opposition Socialist Party for the Democratic Alliance's proposals.

The quid pro quo will probably center on government backing for a bid by Socialist leader Mario

Soares for the presidency in 1985 — a bid that has become almost certain following the crushing defeat of Mr. Soares' opponents at the recent Socialist Party congress and the success of his close ally, Francois Mitterrand, in the French elections.

The government wants to make the following basic changes in the constitution:

- Remove references to Marxism or the obligatory transition of the state to a Socialist workers' republic;
- End any institutionalized military supervision of the civilian democracy;
- Remove blocks on opening

nationalized sectors of the economy to private enterprise and reorganizing Communist-dominated agricultural areas in favor of individual tenant farmers;

• Include necessary references to the application of EEC law when Portugal becomes a member, and to the decentralization of the national administration.

Keen to Alter Balance

The government is also keen to alter the balance of the worker-weighted labor legislation, to allow private radio and television stations, to operate public and private medicine in parallel, and to encourage the growth of private schools alongside the state system. A second priority is to resolve

the fate of the Council of the Revolution, an outdated military body that was charged with keeping Portugal on a revolutionary course after the coup. There is agreement, even among its members, that it must go. But this can only happen once the constitution has been revised and a formula found to divide its powers between parliament and the president, or to create something like a council of state. Thus the argument over how to dispose of the Council is likely to continue most of this year.

While this major reorganization of institutions is taking place, the government's four-year program must be implemented if Portugal is to withstand the shock of EEC entry in 1984.

PORTUGUESE GOVERNMENT ANNOUNCES INDUSTRIAL STRATEGY

With a per capita income of only US \$1,820, Portugal's economy is without doubt one of the least developed in Western Europe and the OECD, even though it is far in advance of what is to be found in most of the developing countries.

The industrial sector, with rates of growth of about 10% during the sixties and start of the seventies, has been the driving power behind the country's economic growth. Nowadays industry accounts for some 40% of the Gross National Product, and that percentage is actually higher than the average for the Common market, of which Portugal soon hopes to become a member.

Industry's leading part in the Portuguese economy is further attested by the fact that it contributes about 60% to the country's total exports, besides employing some 35% of the active population.

This quantitative dimension does not, however, have the correspondence that the Portuguese would like as regards quality. They are aware that their existing industrial apparatus does not make full use of the country's natural resources, that inter-sectoral relations ought to be far stronger and that the degree of technological autonomy is very reduced.

Small and medium enterprises, although they represent a fundamental part of what is needed in the industrial structure, at the moment have an exaggerated weight. The competitiveness of Portugal's industry has traditionally been based too much on cheap labor. Ready speaking, any differences in wage levels more than make up for any difference in the levels of productivity.

As regards energy, Portuguese economy as a whole, and industry in particular, is heavily dependent on oil as a primary source of power. Quite apart from an intense effort aiming at greater power saving in the productive process, by all sectors of industry, it is in fact the very energy system of the country that the Minister of the Plan — recently presented by the Government and approved by Parliament — considers to be in need of over all restructuring.

Portugal is in a strong position as regards exports in such labour-intensive sectors as textiles and clothing, and exports in this field might be even more substantial were it not for restrictions in some of the most important markets, in particular those of the EEC itself. In other traditional sectors, however, notwithstanding wage advantages, Portuguese exports have remained at relatively low levels, owing to quality, marketing and other deficiencies.

It should not be thought, however, that Portuguese industry is confined to these labour-intensive activities and elementary technology. The electrical-mechanical industry, in particular, has made steady strides forward and is even one of the areas in which, in quite a lot of plants, there is a certain technological autonomy. It is very likely that here lies one of the most promising fields for the country's future industrial development, one that could make it possible for Portugal, to a great extent, to overcome its present deficiency in terms of raw materials — processing — process equipment integration. In the chemicals industry there has also been some progress, as well as in basic metallurgy.

In two important guideline speeches on industrial and technological policy, Portuguese Minister of Industry and Energy Bayão Horta (at the 7th Constitutional Government for the first time to have an administration horizon of 4 years) considered that, setting aside political conditioning factors, it was possible to give objective reasons for Portugal's difficulty in the past in developing according to the classical model of an industrial society.

Pointing to three major deficiencies in the structure of the Portuguese productive system — poor use of natural resources, weak inter-sectoral relations and feeble technological autonomy, the Minister of Industry described the imperfection of the industrial model basically to the adoption over the years of an industrial development strategy, and at the company level, of a type of management — in which the exogenous components predominated over the endogenous components to such an extent that endogenous factors could not be achieved with adequate intensity and depth.

But these negative aspects, when properly handled, are precisely those that help most to ensure that an industrial structure possesses the capacity for attaining a coherent, constant and technologically autonomous evolution. It is that course that will have to be set because the classical model of industrial growth is an way to be played out on an international level and the development model of the future can already be discerned in its main outlines, and so the industrial strategy advocated by Mr. Bayão Horta consists not so much of completing the industrial structure according to the classical model, but of trying to fit the evolution of Portuguese industry into the pattern of industrial development of the next few decades. He stresses, in fact, that Portugal's position is fundamentally far more favorable according to the model of future industrial development than according to the classical pattern of industrialization. Portugal has an ample supply of skilled and semi-skilled manpower with great adaptability, and raw materials that it is recognized may soon be of great importance as a basis for new productions (in particular certain non-metallic minerals). Furthermore, the foreseeable reduction in the preponderance of capital intensity and the consequent technological intensity, as well as reinforcement of the technologies with low energy intensity, are all features of the new pattern of growth that the Minister considers are favorable to Portugal, which is a country with a fairly small home consumption market and a financial market that has so far been little developed.

In this context, the priorities in Portuguese industrial policy announced by Mr. Bayão Horta are as follows:

- Exploitation, with optimization of the national value added, of all the country's natural resources.
- Qualitative evolution, without significant expansion, of the traditional transformer industries, in order to preserve their competitive capacity. (Defensive strategy.)
- Intensive development, both as regards quality and as regards expansion, of those industries in which the country already has some technology of its own and in which the comparative advantages are stable and even capable of being extended. (Aggressive strategy.)
- Creation of a nucleus of advanced technologies, judiciously chosen in the light of the country's human and material resources, with a view to increasing Portugal's autonomy.

In the first case (natural resources), the policy is to limit investment in the classical heavy industries to those cases that are based on national raw materials, and even so to act with prudence. This means going ahead with expansion of the steel industry with

support from the home market, and with expansion of non-ferrous metallurgy — copper, lead and zinc (pyrites) and wolfram — since in all these cases it means making due use of Portuguese natural resources. But in the case of the petro-chemical industry, and also as regards manganese and aluminum metallurgy, the orientation will aim merely at defending as far as possible the investments already made, since these activities are not based on national raw materials.

Certain other natural resources, which have traditionally been used only for products of low value, may, with new technologies, become very valuable. The Minister referred specifically to ceramic raw materials that have an application in electronics and in making strong light fibers, to insulating materials — such as cork, slate byproducts, glass byproducts, diatomaceous earth — and other raw materials that have so far hardly been processed in Portugal, such as silica, and multi-purpose agricultural and forestry crops.

Development of the foodstuffs industry which depends on agriculture is also pointed out as having a high priority, and this is natural in view of Portugal's great dependence on importing foodstuffs.

In the second area (traditional industries), the emphasis is on improving the quality and design spectrum of products: these industries are having to face increasing competition from new big producers that have emerged from among the developing countries. It is pointed out that a considerable effort is needed in order to improve management capacity. In this group of industries, apart from textiles and clothing, there are some very important sectors in which export performance falls far short of what it would have been possible to achieve with a more aggressive attitude in the past: this is the case with furniture, toys, and even footwear and leather articles, among others. Mention is expressly made of the need to strengthen relations between the traditional sectors and other sectors in which Portugal has a certain degree of technological autonomy, particularly as regards the production of equipment goods.

In the third area (industries in which the country already has, or is on the way to acquiring solid comparative advantages), the production of equipment goods as a whole, namely mechanical and light electrical equipment of nearly all types; transport material; equipment concerned with solving the energy problems; equipment for handling and holding raw materials and other auxiliary machinery; mechanical and electrical components for motor vehicles; engines for passenger and goods vehicles; professional-electronics and telecommunications (whenever possible developing the country's own technology) and with certain reservations, consumer electronics. The development of engineering and design activities also constitutes a basic aspect of this area of priorities.

In the fourth area (nucleus of advanced technologies), the orientation is towards bold development, taking due account of the country's human and material potentialities, in order to achieve a substantial improvement in its technological autonomy. Besides the major effort of technological innovation that obviously has to be made in all of the three areas previously mentioned, and in solving the energy problem, the importance is underlined of a supplementary effort in launching coordinated actions among the country's enterprises and research structures, in order to achieve what is needed in terms of research and development. Some examples of potential fields that were pointed out are: strong light fibers, compound materials, semi-conductors, renewable energy technologies, etc.

"On the efficiency of this joint effort of industry and research will depend much of our future success," stressed the Minister of Industry and Energy.

But exactly what specific action, broadly speaking, will have to be taken in order to give the entrepreneurial impulse that is required to put this industrial development strategy into effect?

Mr. Bayão Horta pointed to the fundamental importance of strong private enterprises, sufficiently and properly motivated and mobilized, with entrepreneurs who are both competent and go-ahead. The feeling is that the entrepreneur-State, slow in decision, lacking initiative and shyness in its management capacity, is almost "the antithesis of these basic qualities that are indispensable for achieving the goals I have mentioned."

As regards the position of entrepreneurial activity in Portugal, the former system of "licensing of industry" no longer exists in fact. What is in force is freedom of access to industrial activity (laid down by Decree-law 519-1/79). Except for certain sectors covered by clauses of the Constitution that are still in force, entrepreneurs enjoy full liberty for realizing any investment enterprises that they may wish to carry out.

The attitude of the present Government towards private profits is that they must be considered the normal, or rather the essential result of any entrepreneurial activity, and are inherent in the industrial risk that all private enterprise involves. This means that it is intended, in the distribution of income, to act indirectly, within the framework of social justice, rather than through control devices that are likely to be an impediment to the sustained development of private enterprise.

The industrial public sector will not expand its activity, and this has been repeatedly stated by members of the Government. On the contrary, it is stressed that the State will free itself as quickly as possible from financial participations in companies that is acquired by indirect action of the nationalizations.

Of course it is not enough to affirm the principle of the primacy of private enterprise, and to create conditions so that it can be carried out under really free conditions, in order to ensure the success of an industrial development strategy such as has been outlined. What the Government does envisage — and this was also announced by the Minister of Industry — is a vast set of measures which are likely to lead to that goal. They include the new industry bill to be presented to Parliament; the preparation of decrees-law setting out the guidelines of industrial policy for sectors of major strategic importance; the implementation of the new Mining Act; the preparation of a Medium and Long-term National Energy Plan; the creation of a National Institute for Industrial Enterprises; increased legislative and normative action as regards regional development; active reinforcement of the links between industry and research structures; intensification of investment in the industrial public sector according to criteria of profitability and socio-economic effects; and also a gradual modification in the attitude of the departments of the Ministry of Industry from traditional administrative-control function to one of guidance, information and support for industrial activity, together with a real regionalization and decentralization.

These measures, which fall within the scope of the Ministry of Industry and Energy, will be complemented by others, in particular as regards labor relations and improvements to the integrated system of tax and financial incentives provided to investors.

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Agriculture: Keeping Production as Priority

By Harry Debelius

LISBON — There are social and ideological aspects of farming in Portugal that have more influence on production than do systems of cultivation and types of seeds. The minister of agriculture and fisheries, Antonio Cardoso e Cunha, is the first to admit that political savvy is as important in his ministry as technology.

Portugal is still getting over its 1974 revolution, and the business of turning over land to individual farmers in the southern Alentejo region, where a leftist government nationalized farmland, is the minister's most time-consuming task, although he insists that it is not his most important one.

"The principal job of this ministry is to increase production," he said. "And I'm very, very strict about that. This is our objective and we must fight for it. And although I'm not an agricultural technician — I'm a farmer but I'm here on a political basis — I think our main task really is to induce more production."

Portugal certainly needs to grow more of its own food. Last year it had to import half the food it consumed, despite generally favorable weather for the crops. This year, as a result of a severe drought that is only now seeming to end, food imports will be even greater.

Farms' Size
A traditional problem of Portuguese agriculture is the size of the farms. In the north they are too small; in the south they are too big for efficient farming in the traditional way. To correct this, the government is applying policies tailored to different areas but designed to help the small farmer.

Following the revolution, during what Mr. Cardoso e Cunha refers to as "the hot years from 1975 through 1977 — politically and socially hot," the Communist Party took advantage of its prestige as a leader in the fight against Fascism and fomented the takeover of big farms in the Alentejo region, bordering on southern Spain, by landless farm laborers.

"The Alentejo is an area of poor soils and with a difficult climate," the minister explained. "It was used in the past in the wrong way, I think, with the emphasis on wheat production, even where the soil is not the best type for this kind of crop. This sort of agricultural exploitation led to a situation of poor economic activity and sea-

sonal unemployment in this zone, which gave the Communist Party its opportunity."

"The party surfaced after its difficult years as a clandestine movement, with a very good organization but without a basis of popular support. The Communists used the social situation in the Alentejo to get the popular expansion they longed for quickly. This triggered land occupations and forced owners to employ more workers than they could afford, thus pushing the owners toward financial ruin. By the end of 1975, the area of the farms thus occupied amounted to about 1.1 to 1.2 million hectares. This movement was promoted by a number of organisms, mainly the army, which at that time was under a very heavy Communist influence, and the collective farms which were established that way were presented to the population as the solution to the unemployment problem, because collective farm laborers were promised full employment."

Shift in Power
"These collectives at that time were economic nonsense, but then their main objectives were not economic. They had access to easy money in the form of government credits, and the popularity of the Communist Party was strongly reinforced, allowing the Communists to establish in late 1975 and the beginning of '76 a stronghold which they still have."

He continued, "As the political situation evolved in Portugal, the Communist Party slipped from its position of power. It lost its influence on the government, to become simply one of the more important parties in the Portuguese political spectrum. The country became established on the basis of Western European democracy. It's obvious that the present system and the present government cannot support the type of political credits which were given in those times, and so some of the collective farms no longer have the capacity to sustain full employment, which means that they are having a hard time surviving, purely as a result of the interplay of economic factors, without any action aimed directly against them."

A law passed in 1977, when the Socialists were in power, is the legal basis for breaking up collective farms. It authorizes the government to redistribute large landholdings, even those owned by the



The manager of a small farm sprays weeds around 4-year-old hedge lemon trees and picks the fruit for sale at market.

state as a result of nationalization. "After all," Mr. Cardoso e Cunha remarked, "it's inconceivable in Portugal to have estates the size of those in Texas, because the country is small. Even if this might be an economic answer, it could not be a social answer."

Now, the government says, the original owners of the lands seized in "the hot years" have all been given provisional compensation for their losses, although not all claims have been settled because final compensation depends in each case on an on-site assessment of the property.

State Property

New land grants in the Alentejo region are given on a leasehold basis, since the constitution prohibits the return of nationalized property to private ownership, and the grants are restricted to farm workers who do not own land themselves. Their "rental" payments are calculated on a long-term basis to balance the estimated amount of indemnity that the government must pay the previous owners.

Those who receive such land, as well as other individual farmers, farm cooperatives and even the

few remaining UCPs (collective units of production), are eligible for financial assistance on unusually favorable terms.

The UCPs, incidentally, are also required to pay "rent" because the land they work is technically the property of the state, and the government must compensate its original owners, too. It is generally assumed that title deeds will be distributed to the leaseholders when the constitutional situation changes.

The emphasis in the last year has been on the small farmer. By now, 3,000 farmers have been installed on what the minister calls family-size plots, which, he says, "are more in the Portuguese tradition." Officials consider a family-size farm to be one that if reasonably cultivated can be expected to produce an annual income of 200,000 escudos (about \$3,450) for each member of the family who is actively employed on the land.

As for the north, where garden-size farms become smaller with every generation because the land is often divided among the children on the death of parents, the government is encouraging farmers to form cooperatives.

PORTUGAL

Labor: Communists Retain Leadership

By Mary Castanheira

LISBON — Organized Portuguese labor remains firmly controlled by the Communist-backed CGTP-Interindustrial (General Confederation of Portuguese Workers), skilled at brinkmanship bargaining and able to cause widespread disruption through strikes.

Socialist and Social Democratic attempts to break the Communist monopoly, with the creation of the rival UGT (General Union of Portuguese Workers), have had little impact.

The UGT unions have recently been forced to harden their more lenient pro-government positions to prevent the erosion of their support. Portugal's annual wave of strikes this year has resulted in both the UGT and the CGTP-Interindustrial breaking off talks with the center-right government.

The government believes that the unrest is monitored from Moscow and aimed at weakening the young democracy. "This year's round of strikes worsened when Communist leader Alvaro Cunha returned from Moscow and demanded the government's overthrow," Labor Minister Henrique Nasciminto Rodrigues said. "CGTP had started negotiations with the government and even declared publicly that this was a government with whom they could talk. Suddenly, coinciding with Cunha's return, things changed. CGTP stopped talking to the government, refusing to attend previously arranged meetings with various ministries."

Strikes lasting from three hours to four days affected nearly every economic sector and every part of the country during the winter. Lisbon was without cooking gas for three days. Four-hundred-thousand civil servants belonging to both the CGTP and the UGT struck simultaneously, paralyzing ministries, schools and hospitals. Ten-thousand postal workers left mail services in chaos. Oporto was without public transport for four days. As soon as one strike was settled, another was threatened. In the first week of April alone, there were 15 strikes.

"The strikes show the workers' discontent," said Alvaro Rana, who directs the CGTP's international relations. "It is their answer to the government's unwarranted price increases and loss in purchasing power." He said that Premier Francisco Pinto Balsemão's government at first seemed open-minded and ready to solve the workers' problems but that the CGTP eventually found the talks fruitless. "There's nothing new in this government. They want to create a climate for a return to pre-revolutionary days."

Nearly 85 percent of organized labor belongs to the CGTP. Its dues-paying membership has stabilized in the last year and it has lost no unions to the UGT. "They keep their members because they drive a hard bargain and usually get results," a leading industrialist said. "I have workers who voted for the [ruling] Democratic Alliance in the general election but who support CGTP wholeheartedly when it comes to wage rises."

The UGT, with about 45 member unions, has a hard time gaining ground among factory workers. After two years of existence, its main strength still comes from the better-paid insurance, bank and other services employees. The organization held its second congress earlier this year and claimed a membership of 800,000 workers in all areas. "We do not spend our time gluing posters on walls or confronting workers in useless strikes or street demonstrations," UGT executive Vitor Botelho said.

Labor Laws
Before the recent toughening of its approach, the UGT had been prepared to cooperate with the government and businessmen in redrafting Portugal's controversial and highly protectionist labor legislation. The UGT's support for legislative changes — needed for entry into the European Economic Community — is vital to the government. While the laws generally do not contradict the Treaty of Rome, they are widely considered a brake on investment.

The stringent dismissal law introduced by leftist ministers in 1975 virtually prevents any firing of workers. The authorized reasons for dismissal are limited and difficult to prove, and labor courts take up to five years to solve a case. To get around these laws, thousands of workers are hired on short-term contracts, renewed every six months for a maximum of three years, after which the employer must decide whether to keep the worker permanently.

Labor Minister Rodrigues wants to revise the law to include an incompetence clause, and simplify the hiring and firing process.

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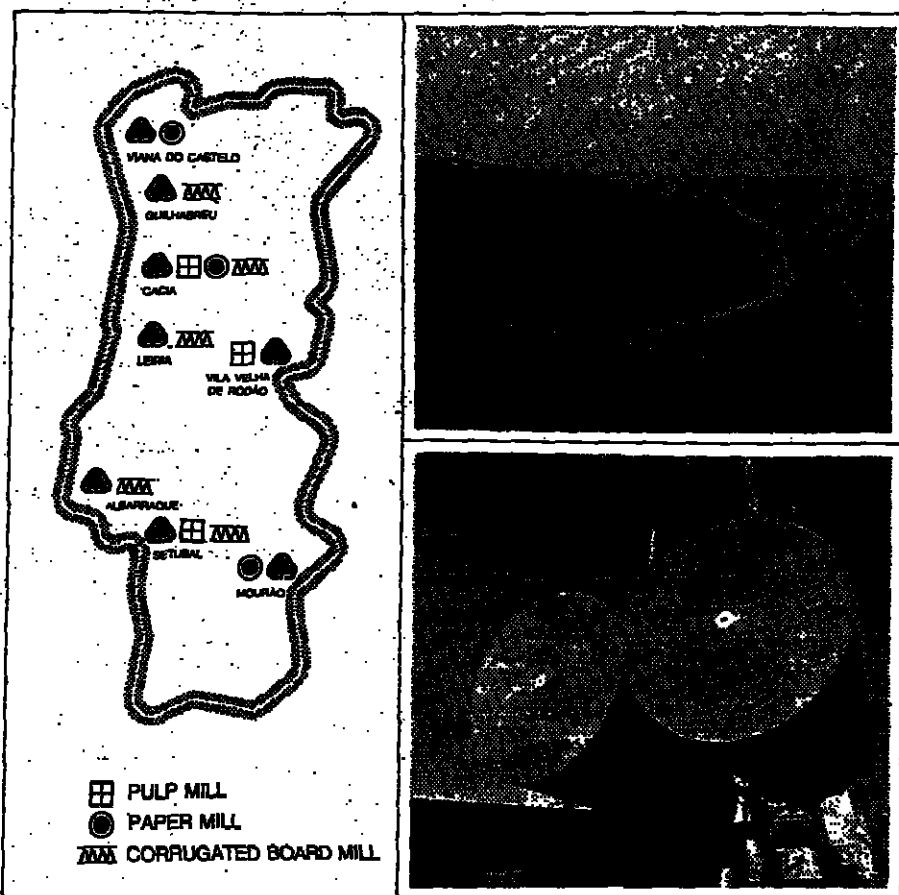
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GROWTH AND PROSPECTS FOR THE PORTUGUESE ECONOMY: The Eighties

Following the recovery of the external balance, which was achieved in 1979, the Portuguese economy has weathered the impact of the second oil price increase quite well. In 1980 the economy was able to consolidate the increase in activity initiated in the second part of 1979. Investment recovered strongly, and despite the increase in energy prices, inflation has abated and the annual deficit in the balance of payments has increased to only 4.7% of GDP.

In 1979 and 1980, GDP was able to grow at an average (5.1%) significantly higher than the OCDE average (2.1%). This acceleration was due to the large expansion in exports of goods and services (18%, on average, in the last three years) and the recovery in investment in 1980 (estimated at 13%). The expansion of exports meant a large increase in market shares, especially in European countries. This was the result of an outward looking policy adopted since 1977 involving an exchange rate and incomes policy that made possible to regain the pre-1973 international competitiveness, together with other export promotion policies and an appropriate monetary policy. The success of these policies was evident despite the negative effect of the rise of protectionism in certain developed countries that is becoming more and more limitative in a world of slow growth.

The recovery of private investment is evident in 1980, and resulted from a build up in profits since 1977, the acceleration in economic activity, an easier credit policy during the year and a new investment policy that has given subsidies and tax exemptions to new investment projects with sound economic profitability and social productivity. This trend appears to continue well during the current year, supported by the launching of a large program of investments by public firms and the public sector.

The inflation rate that was 24% in 1979 decreased to 16.6% (the OCDE average was 11.2%), due to the deceleration in the rate of depreciation and an increase in productivity. Some administered prices were also kept under strict control, particularly in the nationalized sector.

The Parliament has approved last March the Medium Term Plan for the 1981-84 period. The Plan estimates a growth rate of 5% per year, with investment expanding 8% per annum. Exports are expected to grow at 8% per year, due to the adverse international environment. The increase in productive investment is required for the development of modern sectors, to diversify exports, import substitution and to fill some gaps in the industrial flows. Investment in housing and social infrastructures must increase 8% per annum. On the employment side, the creation of about 200-250 thousand jobs is planned, and it is estimated that the rate of unemployment will decrease to about 6% in 1984.

The objective of investment and inflation requires the containment of the public sector deficit, which implies a very moderate increase in public spending.

The inflation rate is expected to be reduced to the average European level by 1984. This will be accomplished by a progressive reduction in the rate of devaluation, moderate increases in wages, containment of public sector deficit, and adequate monetary, incomes and prices policies. Monetary programming of total credit will continue in line with macroeconomic objectives.

Compensation for the nationalization of firms has already been granted. The stock market has reopened. The Integrated System of Incentives for Investment has defined an industrial strategy for the domestic and foreign investment in manufacturing (priority is given for sectors that have high domestic value added, save foreign exchange and create new jobs) with credit and tax subsidies. Portugal has shown clear comparative advantage in the manufacturing of machinery, transportation material, textiles, clothing, paper pulp and other intermediary technology and labor intensive industries. Tourism is a flourishing industry. The current investment plan undertakes large projects in iron and steel, chemicals, highways, coal-fired power stations for oil saving, and the strong development of vocational and technical education.

Banco de Portugal.
Research and Statistics Department.

PORTUGAL

Cartoonist Spars With President

LISBON — Portuguese cartoonist Augustus Cid, 40, used to like politics and politicians. "If politicians didn't exist," he once told an interviewer, "I wouldn't have anything to draw about." Now, he says, "I am fed up and disappointed with all of them."

He has reason to be. During the past year and a half, two of his books of cartoons lampooning President Antonio Ramalho Eanes have been confiscated, he has been brought to trial for causing "irreparable damage" to the president's reputation, and he is facing charges brought by his own political party, the Social Democrats, for starting a campaign to discredit the findings of the committee appointed by the government to investigate the causes of the plane crash that killed Premier Francisco Sa Carneiro last December.

Mr. Cid's troubles began in 1979, when he brought out a book of cartoons called "Superman," which depicted Mr. Eanes as a man who has unlimited powers but who refuses to use them. Mr. Cid also took swipes at the president's wife, his sex life, his seeming inability to smile and other personal characteristics. By standards in the rest of Europe and the United States, the cartoons were relatively tame.

But the president was apparently offended. Four thousand copies of "Superman" were seized, and the attorney general brought charges against Mr. Cid that could have earned him a jail sentence of two to five years.

Mr. Cid does not deny that he is politically biased. He has been a militant member of Mr. Sa Carneiro's Social Democratic party, and he has used his wit to further his party's aims and try to discredit its main adversary, Mr. Eanes.

With the charges from "Superman" still hanging over him, Mr. Cid brought out a second book of cartoons lambasting Mr. Eanes. He called it "Eanes: El Estatico" ("Little Eanes: The Static"), and he depicted Mr. Eanes as a bull-fighter with a *quadrilla*, or entourage, of Socialists and Communists who is finally run out of the ring by the crowd. Mr. Cid dedicated the new book to Mr. Eanes, who, he said, had "shown such spectacular enthusiasm" for the previous book "that he had acquired 4,000 copies."

The cartoons were intended to help keep Mr. Eanes from winning the 1980 presidential elections; they didn't. Mr. Cid, however, had the consolation of winning the court case over "Superman," though he never got back the confiscated copies.

Accusations
Just before the elections, Mr. Cid's political idol, Mr. Sa Carneiro, was killed when his small plane crashed shortly after takeoff at Lisbon. The official report said the crash was due to poor maintenance of the plane and to pilot error. Mr. Cid said it was sabotage. Using as his pulpit the newspaper "O Diabo" ("The Devil"), for which he is cartoonist, Mr. Cid has accused Mr. Sa Carneiro's suc-

cessor, Francisco Pinto Balsemão, of not interesting himself in the accident, and he has declared that rest of the press is being silenced about it.

Mr. Cid, "O Diabo" editor Vera Lagoa and a small group of others plan to recreate the takeoff in a small plane under conditions similar to those that led to the crash, to try to prove their theory. The Social Democratic Party is strongly against the plan. "It is strange having to fight against my own party," Mr. Cid said.

Advertising Agency

When the cartoonist is not engaged in political battles, he helps run an advertising agency that he owns with three partners. He is the creative editor — thinking up ideas, drawing and doing a bit of photography. He has no other book planned, and said he does advertising because there is not enough money in being a cartoonist. "The situation of artists is very bad in Portugal. There are only a half-dozen cartoonists. They all have to do something else to survive."

Mr. Cid was born in the Azores, and attended boarding school in Lisbon while his parents worked in Africa. He won an art scholarship to Laguna Beach High School in California. Back in Lisbon, he spent three years at the Lisbon Art School studying sculpture.

"Spiritual Anarchists"

He began his career as a cartoonist after being drafted into the



Cartoonist Augustus Cid

army to serve in Portugal's African territories. He published "O Que Passa No Front" ("What Goes On at the Front") with cartoons depicting the soldiers' life in Africa. It was an immediate success.

Mr. Cid considers cartoonists "spiritual anarchists." He said they are observers rather than participating entertainers.

When a reporter from a local newspaper recently asked him if he would like to be president, Mr. Cid said he would not mind it for a month, to be able to break down all protocol.

He imagined getting off a plane during a state visit in formal dress but wearing a parachute, or reviewing the troops on roller skates. He imagined going on the evening news show and telling jokes about what happened in the palace during the day, or sending a full contingent of splendidly dressed National Republican Guards to the pastry shop around the corner from the palace for a cupcake.

"The only reason I have not run for president against Eanes on such a platform," Mr. Cid told the reporter, "is that I'm afraid I might win."

—MARTHA de la CAL

Evora: Lisbon's Royal Predecessor

By Vicky Elliott

EVORA — There are not many cities in the world that time has left intact, but there is one in Portugal: Evora, capital of the Alentejo, as sufficient unto itself as Venice and Toledo.

Under the kings of Avis in the 14th and 15th centuries, Evora was a bustling center that supported a population of 100,000 on the produce of the great plain beyond the Tagus (*alen-tijo*). Portugal's granary and heartland, its Manueline court welcomed humanists from all over Europe, and the Renaissance spread from there to the rest of the country. It was there that Alfonso V decided to conquer Morocco; that Vasco da Gama received orders from Manuel II to sail with his fleet to the West Indies. This was the backdrop for riots, intrigue, decapitations and royal matchmaking.

Made for Strolling

Today Evora hides behind its medieval walls, a small market town of 26,000. Half a day's ride out of Lisbon, it has a cozy, peaceful atmosphere made for leisurely strolling. The businesslike little Renaults parked in the residential streets are a sign of comfortable prosperity, but do not intrude. Evora is all of a piece, and the well-proportioned facades of its houses have a frank, open look that seems to sum up the deeply civilized nature of the Portuguese themselves.

Its inhabitants are sober and restrained, the men and the youngest children in the characteristic three-tiered Alentejano cape, and the older women in all possible permutations of black: black crochet on black knitting on black acrylic on black rayon.

As a counterpoint, the nights are particularly bright when the moon is out. Through the freezing winter and the broiling summer (a local proverb reads: "What keeps out the cold, keeps out the heat"), Evora is a magnet for moonlight, which bounces off its white housefronts and the miraculously preserved Roman temple to the goddess Diana.

The Romans knew Evora, as they called it then — Augustus or Octavius christened the city *Liberalitas Julia*. Their shrine to Diana is next to the cathedral on the city's highest point. The temple was later walled up, to serve in turn as a fortress, and as the local slaughterhouse, until its graceful, fluted columns were dug out early this century from their matrix of brick.

Next to the temple stands one of the best *pousadas*, or rest houses, in all Portugal, the former Convento dos Loios, now transformed into a magnificently comfortable post house, a showcase of traditional arts, with rooms for roughly \$40 a night. Its dining room, where one can sample classical Alentejano recipes such as *porco alentejano*, a dish of pork fried with clams, is disposed round a cool loggia. A pair of twisted barleysugar columns of obviously Moorish influence remain as one of the few traces in the city of the Moorish occupation, which came to an end in the early 12th century.

The *praca do Giraldo*, Evora's main square, with its imposing Quinhista fountain, commemorates Gerald the Fearless, a fearless robber baron who, according to far-fetched legend, won the city back from the Moors single-handed in 1165. After scaling the walls with a ladder of ropes hastily roped together, he jumped 20 feet from the

ramparts into the stronghold and managed not only to kill off both a watchman and his teen-age daughter but make quick work of the opposition.

In the 16th century, Evora became a Jesuit center and suffered the Inquisition — in a milder form than in Spain, insofar as less blood was spilled. One of the city's more gruesome relics is the Chapel of the Bones in the Convent of Sao Francisco, an ossuary flanked by inscriptions that grim: "Our bones are waiting for yours."

Richly Painted Tiles

The effect is leavened by the abundance of *azulejos*, the richly painted tiles in blue, white and yellow, of which Evora has a particularly fine sample. The collection on the walls of the university is said to be among the finest in Portugal, but some of the Bible scenes depicted were so racy that teachers preferred to mask them with desks and blackboards.

The marquis de Pombal closed the university in 1759, but Evora's greatest days were already over. The university was only reinstated in 1975. Its library, by Diana's temple, still guards 500,000 books. Thousands of parchment-bound volumes lie worm-eaten behind chicken wire frames.

Evora, upstaged by Lisbon, retreated into sullen provincialism. But in the heady atmosphere of 1975, it woke up from its torpor to play a vocal part in the great debate on agricultural reform. Farmers from the surrounding countryside came to claim their due, and walls were plastered with graffiti demanding the right to work the land.

Central Bank: Loss of Some Power in Sight

LISBON — Under the combined pressures of forthcoming membership in the European Economic Community and a government reform program under discussion, Portugal's conservative central bank is going to lose some of its traditional power as arbiter of the money sector.

The Bank of Portugal has long reigned over the banking system, but there was a time, especially in the post-revolutionary upheavals, when its circumspect housekeeping was virtually all that stood between the country and bankruptcy. In recent years, however, as the country faces the need for rapid economic expansion (in a world with deep economic problems), the tight control the bank exercises on financial policy has been criticized.

The central bank not only has the classical functions of an issuing house but also oversees and manages the banking sector, a task performed by a separate entity in some countries and one that the Portuguese Ministry of Finance is likely to take over if the reforms are approved.

Policy Defended

While some commercial banks criticize the central bank for its tight hold on operations — and thus profitability — by close monitoring of the credit levels that each bank is obliged to maintain, the bank defends the policy as vital for long-term economic stability.

Nevertheless, the policy is being fundamentally re-examined because of the need to create an open internal capital market, reconcile the state monopoly on banking (and insurance) with EEC regulations, and create banks large enough to compete with the European and U.S. giants.

On the capital market question, the Bank of Portugal has until now underwritten the state deficit by issuing treasury bonds and acting as an agent for Portugal in foreign

loans. The first steps in the establishment of a capital market have been taken, and two public companies recently issued bonds in the first post-revolutionary bid to raise domestic loans from the public.

As this market grows, absorbing the excess liquidity of the nationalized banks (offering up to 20 percent on term deposits), the financing of the national budget will be made easier. But Rui Vilar, deputy governor of the Bank of Portugal, warns that, while this has advanced the country, it will also raise the rate of inflation, a prime target of government fiscal policy during the last two years. The inflation rate has dropped from 22 percent to about 17 percent this year, official sources say.

Stock Exchanges

Mr. Vilar, stressing the importance of the capital market, said, "We are cooperating with the government in this venture as a way of financing internal deficits and reducing the central bank's role in the system."

The growth of the capital market will also be helped by plans to revitalize the Lisbon and Oporto stock exchanges. Share movements are spectacularly flat because, with the revolution in 1974, the exchanges were closed, the best-quoted companies nationalized, and the boom of the previous year dramatically halted. Thousands of people lost their savings or found themselves with huge bank debts, and it will take some time for investor confidence to be restored, some bankers feel.

Furthermore, a lack of attractive stocks plus the absence of any mechanism for nationalized banks to operate in the share market means that there are no unit trusts or bank-managed issues of private enterprise to share capital. These shortcomings are not the

only inhibiting factors in Portugal's financial system. The state banks, although recently authorized to increase their capital, in some cases by as much as three times the present level, are far too small to compete with the international giants. The government is preparing to merge several of the smaller banks, but apart from creating larger institutions, there will also have to be a dramatic alteration in attitudes and approaches to banking, which are bogged down by bureaucracy and inefficiency.

As the annual report of the Banco Pinto e Sotto Mayor pointed out, Portugal is at the bottom of the EEC banking league. To reach comparative levels, the local banks must grow between 102 percent and 329 percent. The banks, the report continues, generally have twice the EEC average number of employees, coupled with the lowest profitability per employee (\$412 against West Germany's \$15,824 and Britain's \$13,690). The report concludes that, "without a metamorphosis in the system, it will be hard to survive against open competition from our European partners in the EEC."

Meanwhile, the three private banks that escaped the 1975 nationalizations — Bank of London and South America, Credit Franco-Portugais and Banco do Brasil — turned in another year of good profits.

The international institutions like Chase Manhattan, Barclays and Bank of America are poised to take larger shares of the wholesale banking market once restrictions on foreign banks are modified. There is also a new interest in para-banking operations, known as investment companies, which several wealthy Portuguese former bankers have set up in an offensive on the banking sector.

The Bank of Portugal, always circumspect about uncontrolled foreign capital investment, is lobbying heavily for a three-year transition before complying with EEC regulations on capital transfers. But Brussels opposes this.

Tied to this is the need to open the banking sector to private enterprise in terms of the Treaty of Rome clauses against discriminatory practices. Lisbon faces the problem of a constitutional block on denationalizing the banking sector, taken over by the leftist post-revolutionary regime in 1975. The constitution is due for revision this year. Meanwhile, the conservative government has a bill before the parliament to redefine the public and private sectors in a move to break the state monopoly on banking.

The bill has been rejected three times by the Council of the Revolution, a constitutional watchdog, and the present initiative may be rejected as well.

—KEN POTTINGER

Contributors to This Supplement

KEN POTTINGER, who coordinated this special supplement on Portugal, is a British journalist who has been based in Portugal for the last seven years. He is a regular contributor to the International Herald Tribune and its special supplements. Besides other international media, he corresponds from Portugal for the British Broadcasting Corp., Newsweek magazine and the Canadian Broadcasting Corp.

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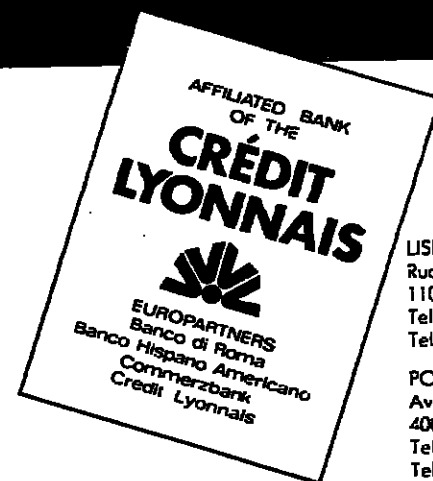
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VICKY ELLIOTT — A member of the International Herald Tribune staff, she is British and has traveled widely.

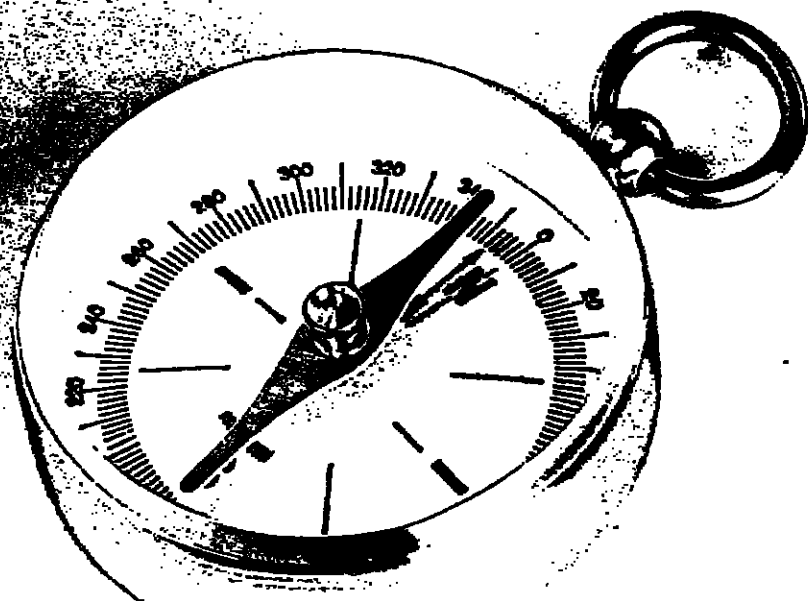
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PORTUGAL

Portugal's Gypsies Still on the Outside

By Carole Garton

SINCE THEY mysteriously appeared in Europe in the 15th century, Gypsies have been threatened with severe penalties, including death, unless they abandoned their foreign customs.

But nowhere have these descendants of Asian nomads thrived as well as in the Iberian Peninsula, despite constant harassment by the state and individuals.

The Iberian Gypsies, like the others, have survived off their wits. Tinsmithing and basket-making, their only crafts, are dying out. At country fairs all over Portugal and Spain, the women handle most of the buying and selling of livestock. They are past masters at the cruel art of fixing up old nags, at least for the duration of the fair. They are also persuasive salesmen, who often act on behalf of less eloquent peasants in market transactions.

But trucks, tractors and motorbikes are replacing horses and donkeys, and seasonal fruit-picking is no longer

enough to sustain a semi-nomadic lifestyle. So younger generations of gypsies are wandering into Lisbon, Madrid, Seville and other cities to join the members of their families already living in shanty suburbs or the urban underworld.

There, the men hawk "gold" watches to the unwary, and clothes factory rejects to the unfashionable. The women are consummate street vendors, and they also engage in fortune-telling and the making of magic potions.

Only married women, some with babies in their arms and children nesting in their long skirts, are allowed to look for business. An old-fashioned concept of honor is tenaciously upheld by the Gypsies. Young, unmarried girls are constantly watched, and a tribe will seek terrible vengeance if it believes that the code has been breached.

The 90,000 Gypsies in Portugal and the 600,000 in Spain belong to a branch of North Indian emigrants that split from the main group as it approached the Mediterranean in the 14th



Iberian Gypsies: Surviving in an age of change.

century. While the others continued into Eastern Europe, they traveled across North Africa and entered Spain at about the same time that Moslems and Jews were being ordered out unless they converted to Christianity.

The Gypsies were quick to embrace the church, and in this way they fared a lot better than the Jews and Moslems, whose civilizations in the peninsula were systematically destroyed as the Christians reconquered the area.

Although Col. Cody, better known as Buffalo Bill, declared, after visiting Gypsies in Southern France, that they were related to the North American Sioux and Iroquois,

researchers have proved their origin in India. Whether they are Portuguese Ciganos, Spanish Gitanos, French Gitans, Russian Roms or Hungarian Tziganes, their taboos, customs and what remains of their language link them to the Indian subcontinent.

The Gypsies have been better integrated in Spain than in Portugal. Some of Spain's best bullfighters, flamenco dancers and musicians are Gypsies. Besides inspiring so many Spanish poets, composers and painters like Garcia Lorca, De Falla and Romero de Torres, the Gypsies have fascinated artists of other countries such as Verdi, Prosper Merimee and countless others.

An Image-Maker

LISBON — Whatever image Portugal's 6-month-old conservative government has in the country today, it is thanks in large part to the efforts of Joao Coelho Nunes, a onetime insurance salesman now responsible for marketing the Portuguese premier and his government.

Mr. Nunes' job is considered vital by Premier Francisco Pinto Balsemao, the first Portuguese government leader to employ a full-time marketing executive.

What is the officially designated "assessor for marketing in the premier's office" selling? Basically, the government and its policies. Mr. Nunes says his job is to convince the Portuguese that, for the first time in 13 administrations, they have a government capable of solving their problems. He must also create a clear image of a government that intends to last out its four-year term, a novel idea in democratic Portugal.

As a former executive in the Post Office administration, Mr. Nunes is also concerned with creating corporate images for state institutions that will project the idea of a Portugal bound for membership in the European Economic Community.

He says that his task extends beyond the frontier: "We need to project the Democratic Alliance to its fellow European governments,

and Portugal to its future Common Market partners."

In this regard, he will be stressing the nation's strategic position on Europe's and its vital Atlantic island possessions of Madeira and the Azores. Language affiliations with Brazil and the former African colonies, especially Mozambique and Angola, are another selling point.

— KEN POTTINGER

Joao Coelho Nunes



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Balsemao: Development Will Counter Communists

By Harry Debelius

LISBON — Constitutional reform was a key plank in the platform of the Democratic Alliance coalition under the leadership of Francisco Sa Carneiro, who died in a plane crash last December, and it was taken over wholeheartedly by Premier Francisco Pinto Balsemao when he took office as the leader of the center-right government last January.

The left-leaning constitution, which reflects the upsurge of Communist influence after the so-called carnation revolution of 1974 that followed a half-century of rightist dictatorship, has been getting a lot of attention this year.

Mr. Balsemao expects little serious opposition to the government's constitutional reform program, and he argues that the principal opposition party, the Socialists, led by Mario Soares, have hardly any choice other than to go along with the reform if they expect

to retain the confidence of their electorate.

Discussing such matters as the government's economic and social programs and constitutional reform, in his austere modern office in Lisbon, the Social Democratic premier said: "The better we develop the country, the less opportunity the Communists have." He added, "Defeating the Communists is really a question of giving the people better conditions for living, for work and for leisure. It's not a question of fighting only on political terms."

"Our Own Rules"

Asked how much of his constitutional reform program he expected to get approved, he said, "It depends on several factors. First of all, we are not disposed to negotiate at any price. We have our own rules, let us say, and our own principles. . . . and those principles we have a right to respect. Secondly, we need a majority of two-thirds to change the constitution,

and so we need to negotiate and find some sort of agreement with the Socialist Party on some of the most important items.

"But by that I don't mean that the Socialist Party will be the referee of the constitutional revision. I'm sure that the Socialist Party is aware of the serious political implications if it refuses any essential change, because times are different now. We are ready for full democracy. That's what the people want. So, if the constitution, which is the fundamental law, is not adapted to reality, we run into danger, and the Socialist Party will not be the referee then, it will be the accused."

"If we don't change the constitution reasonably, according to the present reality, according to the principles and rules of democracy in the Western countries, the people will not forgive those who did not allow us to do it."

He continued: "There's a tendency now to say everything depends on the Socialists. That's very

easy to say, but I don't accept that. I think it's they who have to accept the reality and understand that there is a need for revising the constitution in some essential points, and it will be their responsibility to the country and to democracy."

"That is not to put all the responsibility on their shoulders. We are ready to negotiate, as I told you, but they should at least share this responsibility, which should not be the responsibility of just one party or one coalition. It's a national responsibility, especially of the democratic forces, and of course I consider the Socialists to be among the democratic forces."

Army Affected

The Portuguese Army, which led the 1974 uprising that overthrew the Salazar-Caetano regime, will be directly affected by the reform, since the powerful Council of the Revolution, made up of military leaders, is destined to disappear under the government's proposal. Yet Mr. Balsemao does not think

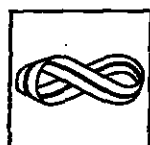
such a change will have disturbing results within the military establishment.

"The constitution was approved and voted on in 1975 and '76," he explained. "Historical conditions, political conditions, were then completely different from what they are now, so we feel that the constitution needs a deep revision. We are not speaking about a new constitution, we are speaking about deeply revising the current text."

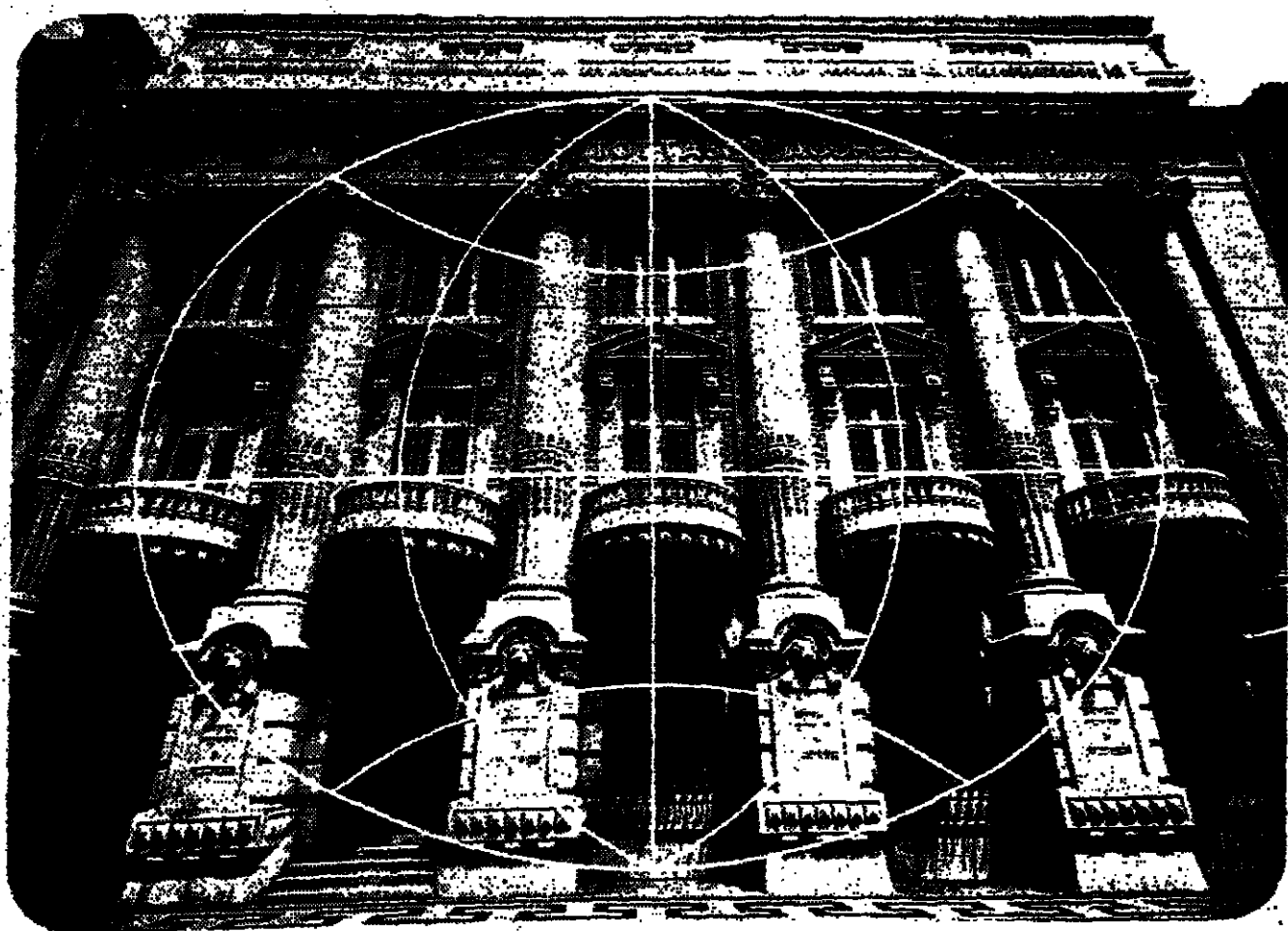
"First of all, we should have a text which is adapted to the present social and political realities, and therefore a text which can be used, let's say, no matter who is democratically elected to govern. The present text is a programmatic one, in the sense that it points toward only one ideological option: It speaks of the transition to Socialism. For instance, it declares all the nationalizations made up to now to be irreversible."

"Secondly, the structure of political

(Continued on Page 145)

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PORTUGAL

Algarve: Exotic Farming In 'Garden of Portugal'

THE ALGARVE, with its benign Mediterranean climate, is known as "the garden of Portugal," and it is dotted with small holdings belonging to Portuguese and foreigners who grow and market "exotic" or comparatively rare varieties of fruit and vegetables.

These include plump, glossy strawberries; asparagus; cantaloupe and watermelons; Israeli lemons; avocados; raspberries; watercress; grapefruit; passion fruit and green celery. Most of this produce goes to leading restaurants in Portugal or to the homes of well-to-do expatriates. There is virtually no export trade.

Geoff Barter and his wife, Joan, came from Britain to Portugal in 1970 and have gone successfully into market gardening. "We had no family commitments in England," said Mr. Barter, a trained agriculturalist. "Additional land for market gardening was hard to buy or rent. We felt we wanted more living — or earning — space, and a warmer climate."

On their land at Ludo, near the Algarve capital of Faro, the Barter grows in seasonal rotation strawberries, melons, asparagus (which brings more than \$1 for a small bundle), green peppers, giant cauliflowers and Brussels sprouts at Christmas for Britons in Portugal who insist on having this traditional vegetable with their turkey.

"We have to work hard for long hours, but we make a comfortable living," Mrs. Barter said. "What will be the most profitable crop is always something of a gamble — depending, of course, on supply and demand. One year it's strawberries, another year it's melons."

Both Portuguese and foreigners who take up market gardening can obtain agricultural bank loans. The rates of interest vary from year to year, but currently they stand at 12.25 percent for less than a year, and 13.25 percent for a year or more.

Ian Sewell of Almancil in the Algarve, who has switched from market to landscape gardening, said: "Naturally, the Portuguese get these short-term loans more readily than foreigners. But, whatever your nationality, you have to prove profit potential, provide regular reports in the progress of your two acres of tomatoes or what-have-you, and produce invoices to the bank manager from time to time."

"Once you've got going with the 'exotics,' there are more complica-

tions and hang-ups than you'd find, say, in the United States or Britain. Take the markets for the Portuguese themselves. With a low-income population of some 10 million, these are small and conservative. For instance, the average Portuguese won't buy green celery. It's like trying to sell green asparagus to a Frenchman. He only wants the color he knows — white. The Portuguese, as a rule, won't eat grapefruit, or tangerine. It's just not their idea of a good fruit — something sweet and rather sticky. They prefer to make marmalade out of it.

"And avocados are dicey. They are susceptible to frost, and tend to ripen at the wrong time — when there are very few tourists about. But a number of Portuguese in the Algarve are now going into growing them on a big scale, in view of the high prices they can command."

Breaking Ground
While some enterprising Algarve families are busily cultivating carob trees because of an increasing demand for the nutritious beans, two foreigners — an Italian and a South African — are breaking ground with widely different fruit ventures.

Grillo Coleguezzi is determined to establish the Algarve's first pineapple plantation, on 20 acres of a hillside overlooking rice fields at the village of Odeixe, near the fishing port of Lagos. "Although pineapples are strictly tropical fruits, the soil and climate of this corner of Portugal are perfect for their production," he said.

Mr. Coleguezzi set up a major pineapple-growing business in the former Portuguese territory now called Mozambique, and his company, Anazul, has imported 350,000 young pineapple plants from the Ivory Coast and invested 18 million escudos in the Algarve experiment. The plants are being raised under strips of plastic sheeting.

At Tavira, 65 miles along the coast from the pineapple plantation, South African-born Sherri Wiltshire is growing 1,500 seedless lemons and 400 passion fruit plants in the hope of setting up local and export markets. She has a Portuguese farm manager. "Passion fruit... is practically unknown in Portugal," she said. "Its sweet and subtle flavor makes it ideal for cool summer drinks, in ice cream or simply as a somewhat new and delicious dessert fruit."

—ERIC ROBINS



Maria Teresa Horta

Maria Teresa Horta: Time Left for Poetry and Causes

LISBON — Just before Portugal's revolution in 1974, Teresa Horta gained fame as one of "The Three Marias" — three Portuguese women writers who collaborated on "Novas Cartas Portuguesas" ("New Portuguese Letters"), a book of poems, essays and stories that the dictatorship considered pornographic and politically dangerous.

All copies of the book were confiscated under the strict censorship laws, and the authors — Maria Teresa Horta, a poet; Maria Isabel Barreno, a novelist; and Maria Fátima Velha da Costa, a social essayist — were brought to trial.

The cause of "The Three Marias" was taken up worldwide by feminists, who flocked to Lisbon for the trial. The three are militant feminists, but their principal motive for writing the book was political. They were determined to strike out against the dictatorship and its censorship of writers — particularly women writers.

Before they were sentenced, the revolution came. Under the new democratic laws, they were acquitted. "The Three Marias" broke up, however, amid a great amount of bitterness. Only their common political fight had held them together. Said one of them later, "To write a book together is to become a three-headed monster."

Women's Marches

Teresa Horta and Isabel Barreno founded the Portuguese women's liberation movement shortly after the revolution. They were joined by women lawyers, doctors and other professionals. At that time, Portugal's laws still gave absolute control of wives, property and children to men. Ms. Horta and Ms. Barreno led women in marches on the presidential palace and in picketing government ministries. They stopped the 1974 Miss Portugal pageant by threatening to overrun it and set loose a flock of chickens.

By 1975 the women's movement had come under the control of women from labor unions and the Socialist and Communist parties. When Ms. Horta attempted in Lisbon's Eduardo VII Park to stage a ceremonial burning of brassieres and other items seen as symbols of women's repression, she and her followers were attacked by crowds of women and men yelling, "Get the bourgeois capitalists!"

Ms. Horta came to believe that that type of feminist protest was indeed "bourgeois and elitist." She joined the Communist Party in 1975 and was named a member of the national council of the Communist-oriented Women's Democratic Movement.

Since the 1974 revolution, she said, "women are much better off. The new constitution and civil code have given us equal rights."

she believes, however, that it will take at least two generations for these to be put fully into practice. "Women in cities and factories have equal rights and salaries, but those in the country are still living in conditions out of the Middle Ages."

Ms. Horta published her first post-revolutionary book of poems, "Women of April," in 1978. The poems depict the common struggle of women during the revolution. For a time she was editor of the literary supplement of *A Capital* newspaper. Three years ago she was asked to set up and edit Portugal's first women's magazine, *Mulheres* (Women).

Ms. Horta is collaborating with former Premier Maria de Lurdes Pintassilgo on a book about Miss Pintassilgo — a left-leaning Catholic activist who was the prime mover in the enactment of equal rights laws in Portugal — that is expected out in November. She is also working on a series of short biographies of outstanding Portuguese and foreign women, called "Women, My Sisters," and she is planning a book on violence against women in Portugal.

Yet she still finds time for her poetry, and she has gone into psychoanalysis. "I believe that psychoanalysis can help women to understand themselves and society and why they are oppressed," she said. She decried what she sees as a negative influence on women by Freud, but defends the ideas of the American psychoanalyst Melanie Kline.

—MARTHA de la CAL

Tourism: New Look At Unspoiled North

LOCOMOTIVE No. 151 and the venerable carriages it pulls are a unique attraction in Portugal's little-known north. The roads twist like question marks and the narrow-gauge railway tries to emulate them in this land where the little farms, with their high-trellised grapevines, look more like gardens.

The Historical Train is available only by charter. It puffs up the lovely Douro Valley, sometimes reaching the breakneck speed of 30 kilometers an hour, rattling through the vineyards that produce the grapes for port wine, past ancient farmhouses and flowery orchards.

The steam engine was built in Esslingen, Germany, in 1886, in the workshop of Emil Kessler; the cars it pulls, with their lace curtains, cut-glass windows and inlaid woodwork, all have about the same age. The train was lovingly restored in 1971, and it is maintained with the kind of care that only old train buffs can feel for steaming relics.

Tourism officials are paying more attention to the possibilities of the north. It is a land of softness despite the rugged mountains, quite unlike the sun-soaked south. The Secretariat of State for Tourism is talking about bringing a tide of visitors to the area, but the nostalgia lovers and the ecologists can rest easy. The authorities say that they do not want to bring in so many vacationers that they risk destroying the scenery.

Small Hotels

A four-year plan calls for the construction of a number of small hotels in the beautiful mountains and valleys, plus a new freeway with financing from the European Economic Community. The old roads will remain because of their charm, and the administration says that the region will continue to be one of the most unspoiled parts of Western Europe.

In the meantime, travelers who want to be first at the "in" places can start booking as houseguests at private villas and farmhouses under a new government plan, the details of which will soon be available to travel agents.

For those who prefer not to venture beyond the places where they can stay in good hotels, there are plenty in the cities and towns of the Costa Verde and the Costa de Prata: Viana do Castelo, a city famous for its handicrafted lace and with more than 100 churches dating from the 15th and 16th centuries to keep amateur readers of ancient inscriptions busy for a month of Sundays; Ovar, a beach resort set among cork and pine trees that is one of the best vacation bargains in Europe; Povoa de

Vazim, a fishing village where they really still fish; but in the shadow of a new 15-story beachside hotel, the Vemur Dom Pedro, that is as tastefully modern on the inside as it is dull modern on the outside; Oporto, the city whose name is known around the world because of the wine; Aveiro, "the Venice of Portugal," with its lagoons, its canals and the twisting arms of the delta of the Vouga River; and Figueira do Foz, where a meal of shellfish is reason enough to make the detour.

Places of lodging are not abundant in the interior, but they often have a charm that the new hotels cannot match. There are 11 *posadas* (state-run inns) in the north, often in historic buildings.

It is hard to conceive of a place with lovelier surroundings than the 10-room Sao Bento Posada in the Pena-Geres National Park, overlooking the chain of lakes along the Cavado River and the forests.

The traveler who likes to stay off the beaten track can strike out by car on the roller-coaster roads of *Tras-os-montes*, the mountainous hinterland where every turn brings a new surprise, whether it be a superb view or a middle-of-the-road mule. The weary driver is rewarded at the end of the day by the simple but outstanding local dishes in places like Sapieiros, near the hill town of Chaves, where the trout and ham, washed down with red or sparkling wine from the Dao district, are a memorable experience. There is opportunity for relaxing, too, in dozens of spas, most with fine, old-fashioned hotels.

Then, too, there are the hostels known as *estalagem* in most of the larger towns, and some are extremely comfortable. Some, like the Estalagem do Cacador (Hunter's Inn) in the mountain crossroads town of Macedo de Cavaleiros, are so "old Portugal" you cannot believe they are for real.

There I sipped an old *aguardiente*, a Portuguese brandy, in the lounge after a dinner during which four women waited solely on my table.

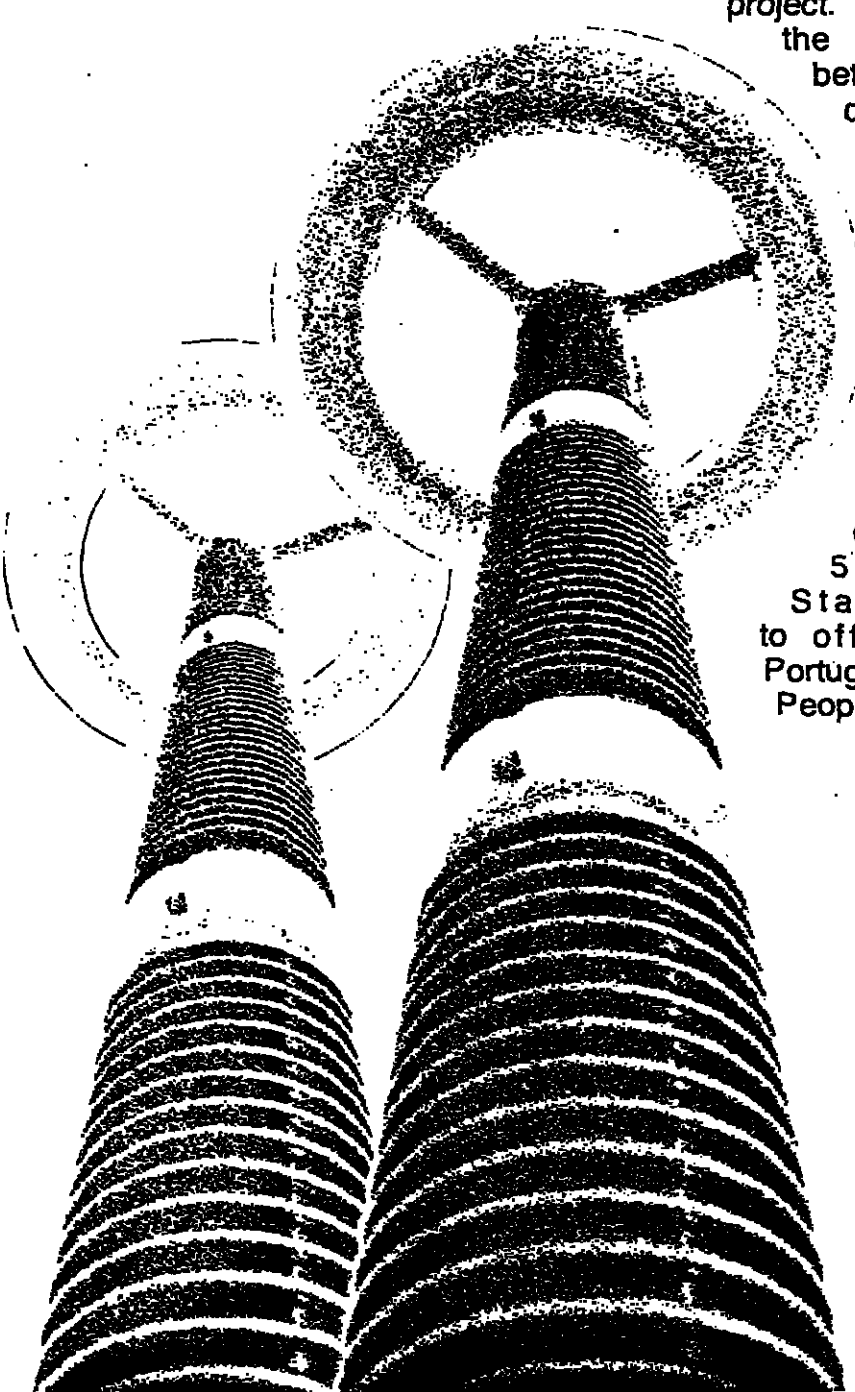
Under a brick-red painted ceiling, the big-screen color television set rested on a polished wooden plank against a backdrop formed by a large and elaborate tapestry of a hunting scene.

I went upstairs to my balcony, high-ceilinged room and climbed into the old bronze bedstead, thinking of how the Portuguese, with the remarkable sense of universality that made them integrate themselves in their colonies, had instinctively enshrined the household deity of the 20th century, the television.

—HARRY DEBELIUS

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Strains in the Continuing Rush South

By Eric Robins

MORE THAN 60 percent of the 7 million visitors to Portugal last year came to the Algarve, creating strains on the province's weak and outdated facilities.

The flood of German, British, Dutch, Scandinavian and American vacationers into a region unknown to international tourism less than a couple of decades ago was swollen by tens of thousands of Portuguese from Lisbon and the north.

Portugal's tourist trade — which is based on abundant sunshine and a low cost of living — is said to be the fastest-growing in Europe, but the problem is whether the Algarve's public services can cope with the increasing seasonal demands.

Ana Caldeira, the director of promotion for the Algarve Regional Tourist Board in Faro, thinks that they can — given time. "There are 16 local councils or *camaras*, all proudly independent since the 1974 revolution, in the Algarve,"

she said, "and they all have their own views on helping to finance tourism out of their coffers, and on how to deal with the various issues it creates."

Coastal Cleanup

They are currently agreed, however, on tackling one of the priorities: a cleanup with a kind of giant vacuum cleaner of the beaches and coves along the province's 120 miles of rugged Atlantic coastline. "We're getting two more of these machines so there will be one for every 40 miles of beaches," Ms. Caldeira said. "The three casinos on the Algarve are giving the municipalities a percentage of their profits to pay for the extra beach sweepers."

The *camaras* are to create many more camping sites along the coast — with water supplies, sanitation and other facilities — to absorb the increasing numbers of young people with backpacks (the Portuguese call them "small") who come for cheap vacations. And, a municipal official said, "all the local councils are going to enforce

their bylaws and forbid camping outside official areas."

The Algarve is also strictly controlling the speculative building of high-rise hotels, towering condominium blocks and so-called vacation villages. "The Algarve may have made a few mistakes in this sphere in the past," Ms. Caldeira said, "but building regulations — and these include the preservation of green zones — are being firmly applied. The government seems determined there will be none of those hideous concrete jungles you find on some of the holiday coasts of Spain."

The vacation season of June through September, when the population is much increased, taxes the region's electricity supply. Scheduled and unscheduled blackouts are frequent and frustrating. "This has gone on for too many years, and the problem must be solved," Ms. Caldeira said. The Algarve's water supply is another seasonal headache. And sanitation is "chaotic," admits Collette Cunha, president of the Algarve Sanitation Commission.

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PORTUGAL

Atlantic Islands: NATO Seeks Wider Facilities

Special to the IHT

LISBON — Portugal's Atlantic islands are assuming an increasingly important role in U.S. and NATO military strategy, and military planners are pressing for a major expansion of air and naval facilities.

The Azores, about 1,000 miles west of Lisbon, form a mid-Atlantic stepping-stone vital to Western defense. The U.S. air base at Lajes on Terceira Island is a crucial refueling point for airborne forces moving rapidly from North America to the Mediterranean, the Middle East or the Gulf.

Recognizing its importance, the Reagan administration has asked Congress for \$51.4 million to beef up Lajes in preparation for handling the planned U.S. Rapid Deployment Force. U.S. officials in Lisbon say that this represents only half the planned spending on repairs and improvements to the air base during the next five years — including resurfacing the main runway, taxiways and apron, modernizing navigational aids, building extra fuel tanks, and improving the neighboring U.S.-built harbor.

Lajes is surrounded by a network of underground supply areas whose contents can be airlifted to any transatlantic spot within hours.

Short-Range Fighters

Since Lajes airfield was built by the British during World War II, it has also been used as a refueling point for short-range fighter aircraft being ferried across the Atlantic.

The airfield's third main function is to serve as a base for P-3 Orion maritime surveillance planes patrolling 2.5 million square miles of the North Atlantic. EA-3B electronic warfare aircraft are also stationed there, along with units of the Portuguese Air Force.

The facilities at Lajes are leased to the United States under a five-year agreement signed in 1979. Special operations involving countries outside the NATO area require prior approval by the Portuguese government. In return, Portugal is receiving \$140 million worth of aid, of which nearly half is for military purchases.

NATO is anxious to boost military facilities elsewhere in the Azores, which Portuguese President Antonio Ramalho Eanes recently described as "a pillar of support in the defense of Europe." NATO is considering the island of Santa Maria, whose excellent landing ground is used as an alternative

has a submarine listening post on Santa Maria and is eager to see the island equipped with a deep-water port.

In 1975, when a Communist-backed government held power in Lisbon, Santa Maria was used as a refueling stop by Cuban planes carrying troops to Angola. A pro-U.S. Azores separatist movement flourished at the time, but the Communists were removed from power and Portugal completed its transition to parliamentary democracy a year later.

The democracy born of the 1974 revolution stabilized, and with the opposition Socialist Party as staunch a supporter of NATO as the ruling center-right coalition, Portugal is judged ripe for military investment.

Last year, NATO paid 25 percent of the cost of repairing the breakwater of the Azores' main deep-water port at Ponta Delgada on Sao Miguel Island. It is frequently used by NATO ships pa-

trolling the North Atlantic, and the alliance aims to establish a regional command center on Sao Miguel.

NATO also wants to improve port facilities on two other islands — Faial, where new fuel tanks were installed last year, and Flores, where France operates a missile tracking station whose existence was kept secret until 1978.

Of growing interest to the alliance is another Portuguese archipelago, the Madeira Islands, 550 miles southwest of the Portuguese mainland. Madeira guards the southern approach to Europe and the Strait of Gibraltar. It is also the southernmost point of NATO territory.

The so-called Portuguese triangle between Madeira, Lisbon and the Azores covers the world's most intense concentration of shipping routes.

Madeira, the main island in the group, is unsuitable for building major sea-naval facilities, being

mountainous with a steep rocky coast, but its small neighbor, Porto Santo, offers more favorable conditions. Intercontinental jets can touch down on Porto Santo's 2,440-meter runway, and a deep-water port capable of receiving 30,000-ton tankers is under construction. The Portuguese government is tight-lipped about military plans for Porto Santo, but NATO officials see the island as a possible aircraft carrier base.

The Communist newspaper O Dia recently said that NATO was contributing \$30 million toward the new harbor and would pay two-thirds of the cost of extending the airport runway.

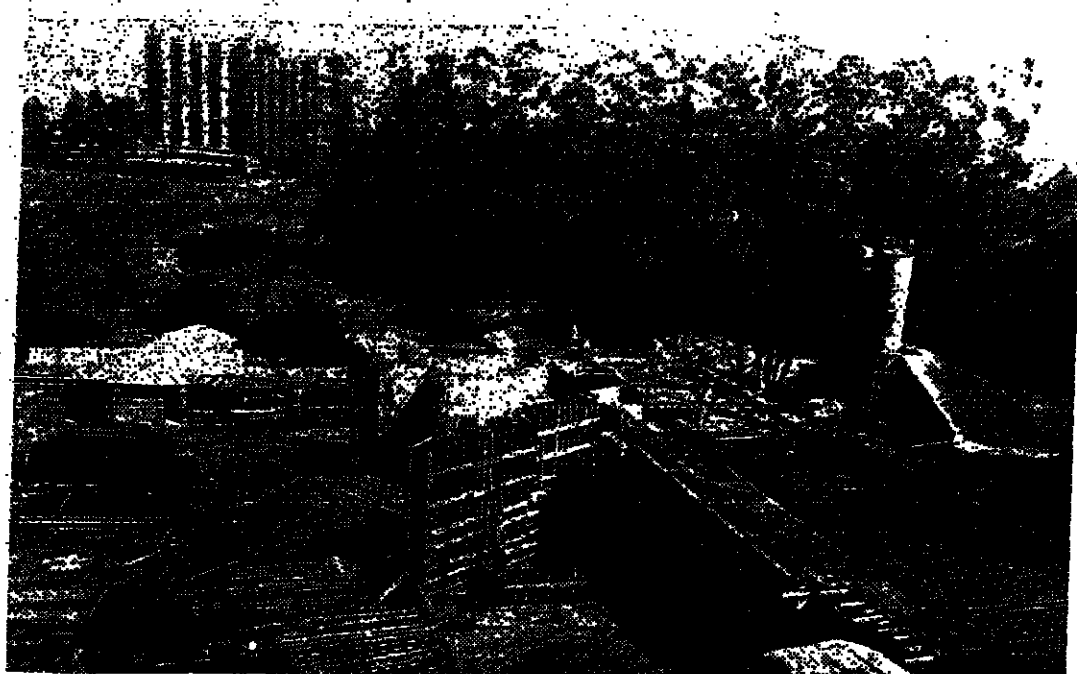
Work to upgrade the airfield's facilities is in progress, but NATO sources say that plans for the alliance to fund public works on Porto Santo are still in the formative stages. Nevertheless, the leader of the Madeira regional government, Alberto Joao Jardim, has said that if NATO wants to use Porto Santo, the richer members of the alli-

ance will have to pay for infrastructural improvements.

Madreia has a potential role as a western bridgehead toward Africa and the South Atlantic. Porto Santo's airfield proved its value in this respect when it was used as a refueling stop for aircraft carrying Belgian troops to Zaire in 1978.

A growing military presence on the island could bring Portugal into conflict with the Organization for African Unity, which has not yet indicated whether it considers the Madeira archipelago to be a colonized African territory and therefore due for independence.

According to military sources, the United States is particularly interested in developing Porto Santo. Washington sees the island as a fallback base if its facilities in Morocco are ever withdrawn. The Spanish Canary Islands lie 300 miles to the south of Madeira, but Madrid has made it clear that NATO will not be granted military facilities there even if Spain eventually joins the alliance.



Construction site: Building a symbol of U.S. interest.

U.S. Embassy, Lisbon

U.S. Ties: Costly Embassy Rises

LISBON — High on a mound near Lisbon's outskirts and backed by the wooded splendor of the city's Monsanto Park, the United States is building a \$13-million embassy complex.

Within the walls of a 12-acre former farm, Washington plans a four-story chancellery, a two-story consulate, and installations for the Military Assistance and Advisory Group, the U.S. Marine guard and a cafeteria. Existing structures, including a two-story manor house, a private chapel and formal gardens, will be retained and in some cases transformed.

The Quinta dos Pinheiros (pine farm) development is to be completed in the fall of 1982. Conceived three years ago, the compound, which will not house the residents, is a symbol of U.S. interest in Portugal. With 111 Americans and 125 Portuguese employed, the complex will also include a cultural and English-teaching center and the office of the U.S. Agency for International Development.

An embassy officer said the complex means that Portugal is a good deal more important to the United States than its land area or its trade figures would indicate.

Portugal is important to the United States partly because of its geographical position and its strategically vital Atlantic island possessions, which makes Washington eager to bind it firmly to NATO

and ensure that bilateral accords on U.S. facilities are maintained.

The present conservative government and its predecessor under the late Premier Francisco Sa Carneiro, made much of the Lisbon-Washington ties. Portugal was the first Western ally to heed former President Jimmy Carter's call for sanctions against Iran during the hostage situation in 1980, and was an early partner in the freezing of ties with the Soviet Union over the intervention in Afghanistan.

It was not always like this. In 1975, at the height of the revolution, the U.S. ambassador at that time, Frank Carlucci, was threatened by extreme leftists; a leading military commander, Maj. Otelo Saraiva de Carvalho, warned him to leave Portugal because his safety could not be guaranteed.

For two years, the United States maintained a low profile while Marxist-inspired revolutionaries rallied against American imperialism, multinationals and capitalist excesses. But things calmed down, and in the 1976 parliamentary vote, Mario Soares' Socialists were elected to form a minority government. Ties with the United States were slowly strengthened, and a vast aid program was set up to rescue the Portuguese economy and help with the integration of 1 million Portuguese from the former colonies.

After six years, this program, carried out by the Agency for International Development, continues to be an important U.S. flag

bearer. The aid director for Portugal, Donald Finberg, is the only such U.S. government officer serving in a West European country. The fact that he is in Portugal, with a staff of 25, indicates the priority that Lisbon gives to development as it anticipates its entry into the European Economic Community.

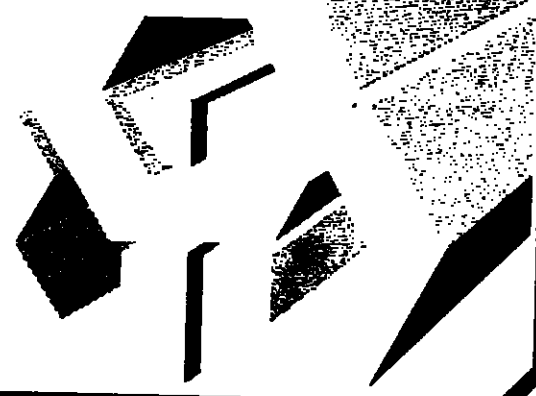
Since 1975, the United States has made available \$757.7 million in concessionary grants and gifts to Portugal — funding about 150 construction projects on the mainland and on the Madeira Islands and the Azores — a significant contribution to the \$2.5 billion worth of aid that Western countries and institutions have given Portugal in the last five years.

But development also depends on the way the money is spent. "For Portugal really to make big strides in its economic development, the country needs intensive management training schemes for its private and public sectors," Mr. Finberg said. With this in mind, the U.S. aid program has set aside nearly \$11 million dollars for the "technical consultations and training" grant, which finances observation, consultation and training programs in the United States for Portuguese officials, and the services of U.S. consultants in Portugal. Since the program began, 400 Portuguese have been to the United States and 200 U.S. consultants have helped the Lisbon government.

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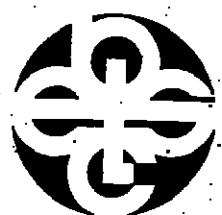
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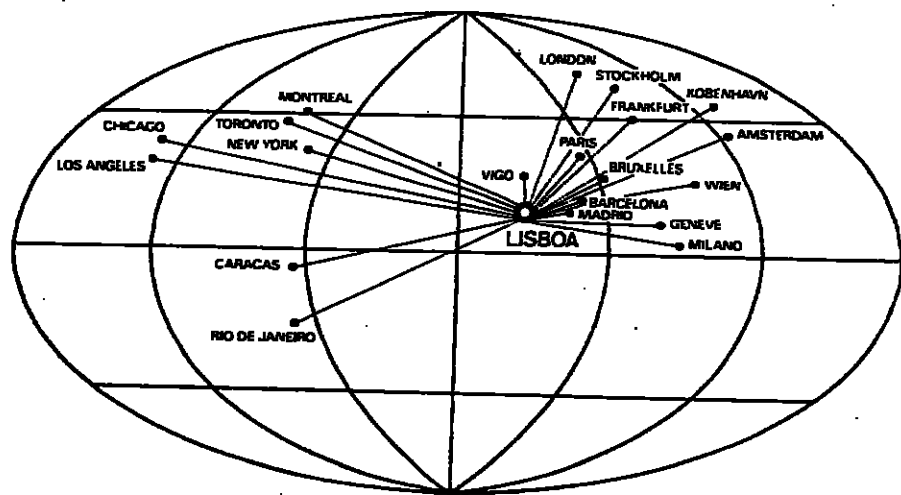


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PORTUGAL

Armed Forces: 'Silent Majority' Commands

LISBON — "If there is a successful military coup in Spain, our democracy will not survive more than 18 months — two years at most," said a leading member of the Socialist Party. This is a widespread feeling among Portuguese politicians, weighing the implications of the unsuccessful coup on Feb. 23 in Spain.

A coup in Spain would indeed lead to an explosive political situation in Portugal, but seven years after the revolution the Portuguese military are far too disillusioned to storm the Lisbon parliament.

The Portuguese officers who lived through the revolution have been deeply humiliated. Whether of the left or right, they have seen their ideals trampled. "We did not command an army at that time. We had a bunch of clowns on our hands and were strangers within our own barracks," a major said. A colonel added: "Our commanding officer had a nervous breakdown and that is where I used to sit in the mess with a pistol by my side to cover the window."

The two officers were veterans of the African wars showing a group of Western officers around their regiment.

The turmoil in the Portuguese armed forces in 1974 and 1975 encouraged successful movements for military reforms in other NATO countries such as France, Italy and the Netherlands, but there is nothing to recall the revolutions in Portugal's barracks today.

The Portuguese military were forced to do the dirty work of the old regime, fighting the African guerrilla movements in the colonies. After the revolution, they got involved in politics and brought the country to the brink of civil war.

If there is one thing that the officers are determined to do now, it is to restore Portugal's military credibility. They see this as the only way to make up for the loss of prestige they suffered both at home and abroad during the colonial wars and the revolution.

That — and the fact that, if Spain enters NATO, Portugal will lose a considerable part of its military leverage — is what is behind the present demands of Portuguese service chiefs that NATO give them new frigates, minesweepers, supersonic fighters, the latest tanks and modern air defense systems.

A Communist officer, who rose

to prominence during the revolution, gave the following assessment of the military's political loyalties: "About 80 percent of the officers are deeply conservative. Precisely because of that, they want nothing to do with the politics. All they want is to obey orders transmitted through the correct chain of command. The remainder are politically motivated and, within that small fringe, the left is probably in the majority."

Under the former dictatorship, the politically motivated right was in charge of the armed forces. After the revolution, it was the leftist fringe. Now the silent majority is in command. This majority knows the dangers of politics and blames the politicians both for having involved the army in the African wars and for having forced it to make a humiliating retreat from the colonies. The military are only just beginning to recover from their traumatic experience in Africa and to realize that it has given them something to teach their NATO allies.

The collapse of the empire means that the armed forces have had to be restructured with a view to a NATO role, rather than a colonial one. The army has been cut

to about 30,000 soldiers from 180,000 in 1974, but even that is too large, and the size of the officer corps — a relic of the war — is an obstacle to reform.

There are about 3,000 captains and majors impatient for promotion, 800 lieutenant colonels and colonels, and 60 generals on the army's active list. To appease the junior ranks, the new army chief of staff has decreed that all officers holding army posts in spite of being officially in the reserve will have to give up these jobs by the end of the year.

Domestic Role

The return of the troops from Africa restored the domestic role of the military who have, on and off, determined the country's political course since the beginning of the 19th century. For this reason, the ruling Democratic Alliance's plans to change the constitution to put the armed forces under direct government control is very important. The government also wants new facilities to keep the military busy.

For years, the Portuguese were so pleased to win any kind of international acceptance that they did not complain about what NATO gave them in return for facilities. Now that the colonial wars are over, Portugal wants more than gifts of surplus equipment to compensate it for being, after Britain, the NATO country with the most alliance facilities.

Soares Long On Tenacity

LISBON — Mario Soares came in from the cold in 1974 at the head of a Socialist Party born only a year earlier and with none of the organization of the decades-old underground Communist Party.

By 1976, the Socialists had had their baptism of fire in the streets of Lisbon and other cities, and found themselves the winners in the parliamentary elections.

The outcome caught the party on the wrong foot. It had few paid-up members but plenty of militants, its organization was haphazard and its ideas only hazily understood by the majority. Nevertheless, under the charismatic leadership of the 56-year-old Mr. Soares, the Socialists managed precariously to rule the country for two years. A series of crises turned them out of office and as Mr. Soares lost two successive general elections in 1979 and 1980, spurred by many former supporters, it appeared that his days on the political scene were numbered.

But his opponents underestimated his staying power and his international prestige. A concerted effort failed to oust him at the party congress in May, and Mr. Soares has emerged as the undisputed party leader.

The comeback of Mario Soares will help consolidate Portugal's major opposition party and prepare it as a real power alternative. It will mean an easier passage for controversial revisions of the 1976 constitution that require Mr. Soares' backing in parliament this summer. It also means an end to any Communist hopes for a grand coalition of the left to defeat the conservatives — Mr. Soares is implacably opposed to the Moscow-line Communists, who lobbied intensely for his defeat before the party congress. And it will almost certainly mean a Soares bid for the presidency in 1985.

Decolonization: The Scars Remain

By Jill Jolliffe

LISBON — A glance at the Portuguese press, heavily politicized since the 1974 revolution, is enough to show that the Portuguese remain deeply divided over the dramatic decolonization that accompanied the revolution.

Rightist newspapers contend that Portugal's withdrawal from Africa and its tiny Southeast Asian colony of East Timor was a gross betrayal of local populations that led, in Africa at least, to minority Marxist regimes propped up by Cuban military support. To the leftist press, Angola, Mozambique and Guinea-Bissau are prosperous nations whose social problems ended with independence.

Scholars continue to debate whether Portuguese colonialism was "benign" — even though this concept, encouraged by the revolutionary regime, appeared to have been demolished years ago by the historian Charles Boxer, who demonstrated in his book "Race Relations in the Portuguese Empire" that the idea that Portugal's colonies were exceptionally free of racial and religious discrimination was a myth.

The sensitivity of the issue domestically is reflected in Portugal's relations with its former colonies and the variants of foreign policy it has practiced since 1974.

Federation Proposed

When the dictatorship was overthrown in April, 1974, by Gen. Antonio de Spínola and his military junta, the idea of benign decolonization was in the ascendant. A Portuguese-speaking federation was proposed with the former colonies.

Gen. Spínola was deposed by the leftist officers in September, 1974, and outright independence became the demand of the day. That month, Portugal recognized the independence of Guinea-Bissau. Mozambique's independence came in June, 1975, followed by the Cape Verde and Sao Tome and Principe islands in July and Angola in November.

After independence the tendency of the African states was to maintain a militantly anti-Portuguese attitude, although friendly links were maintained with Portuguese leftist leaders and with the Portuguese Communist Party.

The intervening years have seen a thaw. Portuguese leaders, including President Antonio Ramalho Eanes, have worked to improve relations with the African nations. These efforts met with some initial success in Angola, Cape Verde, Guinea-Bissau and Sao Tome and Principe, but were coolly received in Mozambique, which had a reputation for being more sternly anti-imperialist than the others.

Guinea-Bissau

Guinea-Bissau was the country most open to Portuguese overtures. It was in Bissau that, in 1978, Mr. Eanes met the late Angolan President Agostinho Neto and signed a trade and cooperation pact with him. When Mr. Eanes returned to Bissau eight months later he was feted by large crowds.

Rapprochement with Mozambique proved more difficult. The first ministerial-level Portuguese trade mission to Maputo visited in March, 1979, but cut short the talks and returned to Lisbon after the Mozambican government, without informing Portuguese authorities, executed a Portuguese citizen accused of being a mercenary. Relations

dropped to their lowest ebb since independence.

Portugal continued to administer the Cahora Bassa Dam in Mozambique after 1974, without serious problems, but there were other constant points of friction, such as outstanding claims for indemnity over property seized at independence.

The visit of Mozambique's Foreign Minister Joaquim Chissano to Lisbon last March was a turning point in relations. Mr. Chissano carried an invitation to President Eanes from President Samora Machel to visit Mozambique soon, and Mr. Eanes accepted.

Sign of Times

It was a sign of the political times, expressing the concern of the so-called Front-line African states that the United States would adopt interventionist policies in southern Africa. The minister's visit coincided with secret talks in Morocco between U.S. officials and Jonas Savimbi, leader of the Union for the Total Independence of Angola, or UNITA, which is fighting a guerrilla war against the Marxist Angolan government.

Portuguese political leaders have publicly opposed U.S. military aid to UNITA, but how much backbone the government policy will have depends on how effectively Premier Francisco Pinto Balsemao can appease UNITA supporters within government party ranks.

Portugal now has bilateral trade relations with all its former African colonies and is moving toward closer cooperation with them. Hundreds of Portuguese have returned to Africa since 1974 as aid workers, usually as teachers or economic advisers. A key point of government policy since 1979 has been eagerness to improve relations with "the countries of Portuguese expression," a phrase used frequently in foreign policy circles.

East Timor, 385 miles (620 kilometers) northwest of Australia, has been a tragic victim of decolonization. When Portugal announced a program of phased withdrawal from the eastern part of the island of Timor in 1974 — the Netherlands governed the larger western section until 1946 — the news was greeted with alarm by the neighboring Indonesian government, which feared that a small independent state in its region could encourage the secessionist movements plaguing Jakarta.

Civil War

Indonesia found an opportunity to intervene in a brief civil war that flared in August and September, 1975, leaving about 3,000 casualties and leading Portugal to withdraw. In December, 10 days after the liberation movement Fretilin declared independence, Indonesian troops invaded East Timor.

Refugees from the territory arrive regularly in Lisbon with claims that the Fretilin resistance is continuing, although on a reduced scale, despite Indonesian government disclaimers. They also describe atrocities by the occupation force. About 200,000 of the population of 650,000 are believed to have died from fighting, starvation and executions since 1975. The Indonesian occupation has been condemned in voting at the United Nations, which still regards Portugal as the administering power.

Lisbon took a rather passive position on the issue until last year, when the late conservative Premier Francisco Sa Carneiro put forward a peace plan for East Timor involving negotiations with Indonesia, and ap-

pealed to the international community for support.

The plan received strong backing from the United Nations and from Portugal's former African colonies, which support Fretilin. However, Indonesia has refused to come to the conference table.

Plan Revived

The present government of Premier Pinto Balsemao has revived Mr. Sa Carneiro's plan, appealing to UN Secretary-General Kurt Waldheim to take new action. Mr. Waldheim visited Portugal in early May and discussed the Timor problem with Mr. Balsemao and President Eanes.

Macao, Portugal's tiny enclave in China — officially designated "a Chinese territory under Portuguese administration" — has resisted all attempts to democratize its colonial status since the 1974 revolution. In this, the local population has been backed by China, which wished the territory to remain as one of its trading posts to the West.

In 1978 when the term of office of the former governor, Col. Garcia Leandreu, ended, President Eanes proposed the nomination of a locally born governor instead of a Portuguese. Peking disapproved, the local population complained, and the idea was dropped. Gen. Nuno Melo Egídio was appointed, and has since been succeeded by Gen. Vasco Almeida e Costa.

More recently, an attempt to alter the 1976 "Organic Law" that administers Macao caused a political storm.

Local Assembly

The local Legislative Assembly elected a four-man committee to propose changes to the law. It suggested a greater say by the community in running Macao, including a proposal that the 17-member assembly, set up after 1974, should be entirely elected; now six deputies are elected directly, six are elected indirectly and five are nominated by the governor.

China and Portugal established diplomatic relations in March, 1979, and last year Gen. Melo Egídio visited Peking on the first official visit by a governor of Macao since the 1957 Deng Xiaoping, now the Chinese Communist Party vice chairman, congratulated the governor on the stability of Macao and stressed that China was opposed to alteration of the Organic Law.

In any case it was impossible to effect the proposals. Deputies boycotted the assembly over them and the outcry in Macao was quelled only by a statement of opposition to the proposed changes by Gen. Melo Egídio, backed by a message from Mr. Eanes.

The result is that the Macanese are a people between governments: They are politically loyal to Peking but are not governed by it, and they are almost untouched by the Portuguese administration.

Ninety-seven percent of the estimated 400,000 population do not speak Portuguese. Schools are run by the Chinese community, outside the effective control of the Portuguese administration. Nor do most Macanese participate in political life. Only 9,724 persons (about the number of resident Portuguese eligible) registered to vote in the last Portuguese elections, and 4,194 for the Legislative Assembly.

The only political institutions in which Macao's Chinese participate are grass-roots tenants' committees and workers' associations.

Balsemao: Development a Counterweight

(Continued from Page 115)

ical power itself has to be changed, especially in regard to the existence of the Council of the Revolution as an organ of sovereignty.

"This leads me to a third point, which I think is important. It has to do with the subordination of the armed forces to the democratic, elected civilian power."

"I think the armed forces understand very clearly that in a normal Western-type democracy — that's what we want to build — the

thermore, the Council of the Revolution is the legislative organ of the armed forces. And also, of course, the Council of the Revolution is not elected."

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"I think the armed forces understand very clearly that in a normal Western-type democracy — that's what we want to build — the

armed forces are subordinated to the democratic civilian power. In our opinion, this subordination would be to the government because the government is the executive organ, and therefore the needs of the armed forces can only be met, and the possibility of accomplishing a mission within NATO can only be realized, if the government deals with such matters and only if the armed forces act in very close cooperation with, and are integrated into, the government structure."

Mr. Balsemao, who had recently met with Spanish Premier Leopoldo Calvo Sotelo, said he did not believe that unrest among Spanish military men could stimulate similar ambitions of power among Portugal's armed forces. "I think that if the attempted coup of the 23rd of February had been successful in Spain, there would have been no relevant effect on Portugal. First of all, we have a completely different country, and history shows it.

That's why we have been independent since the 12th century."

"Being different countries, we have undergone separate evolutions throughout our histories. During recent years also, the evolution in Spain was different from the revolution in Portugal, and our armed forces therefore do not have the same characteristics. I don't believe there will be any temptation in Portugal, as far as the armed forces are concerned, to follow the example."

"We could have some indirect effects, however. It's a very open border. Spain is on our way to Europe, geographically speaking, and this could have caused some problems. But happily the coup was aborted, and happily Spain is living in democracy, and we are very glad about that, not only because we like our neighbors and good friends in Spain to live in democracy but also because some of the problems that could have emerged for us did not emerge."

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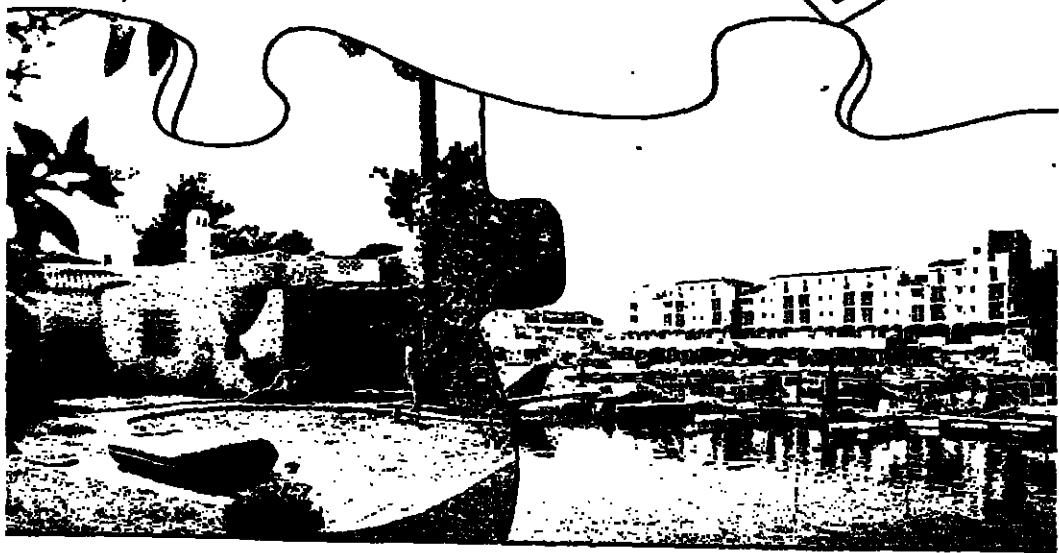
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BUSINESS NEWS BRIEFS

Burmah Sués Bank of England for £1 Billion

LONDON — A British oil company Tuesday claimed compensation of £1 billion from the Bank of England in one of the biggest commercial actions ever mounted in the London high court.

Burmah Oil, which was rescued by the bank after it ran into financial difficulties in 1974, says the bank took unfair advantage of it. The bank had bought Burmah's 20.1 percent shareholding in British Petroleum, then worth £179 million, for a low price, and the shares then rose spectacularly in value, Burmah told the court.

Burmah seeks to recover the current value of the BP shares.

U.S. Auto Production Rises 26% in May

DETROIT — U.S. domestic auto production in May was up 26 percent from the same month last year, and an industry trade journal predicts an even bigger increase for June.

According to "Company Reports" Monday, U.S. automakers built 712,783 cars in May, compared with 565,758 in May 1980.

Meanwhile, Ward's Automotive Reports said the major car companies plan to build 713,000 cars in June, a 34-percent increase from June last year, when the industry was near the low point of the current recession, and the highest monthly total in 20 months.

De Beers Zaire Contract Not Renewed

LONDON — The contract under which De Beers Consolidated Mines Ltd.'s Central Selling Organization marketed Zaire diamonds, which expired May 31, has not been renewed, a De Beers spokesman said Tuesday.

Negotiations to renew the contract were held recently between the CSO and Sotrazom, Zaire's state mining and metal marketing agency, but have been discontinued, he said.

Boeing to Reduce Production of 747s, 727s

SEATTLE — Boeing is cutting back production of two of its historically best-selling jetliners this year and next because of falling demand for aircraft that are not fuel-efficient, shareholders were told.

Chairman T.A. Wilson said at the annual meeting Monday that production of the 747 jumbo jet and the 727 will be reduced about 30 percent this year. He said that probably would mean a significant reduction in earnings for the jet aerospace firm, which has been reporting record profits and sales in recent years.

New Well Is Confirmed Off Northwest Japan

TOKYO — New Japan Sea Exploration said Tuesday it has confirmed that its third test well off Aga, in northwestern Japan, will have a maximum production capacity of 5,400 barrels of crude oil and 90,000 cubic meters (3.2 million cubic feet) of natural gas a day.

The company, a subsidiary of Idemitsu Petroleum Development, recently struck oil at the test drilling well in the Aga area. A decision on commercial production depends on the drilling of a fourth well scheduled for November, it said.

Rates to Follow Inflation Down, Says Weidenbaum

By Axel Krause
International Herald Tribune

PARIS — High U.S. interest rates will only begin to decline when the Reagan administration brings inflation under control, Murray L. Weidenbaum, chairman of the U.S. Council of Economic Advisors, said Tuesday evening.

Addressing a gathering of French business, banking and government officials in Paris — and partly answering recent, blunt warnings from European leaders about the high rates, Mr. Weidenbaum said that "it should be clearly understood that the United States is consciously following a set of economic policies which will lead to lower interest rates... lower interest rates will follow from lower inflation rates."

The U.S. official also indicated that interest rate policy was not a subject for negotiation at an international meeting of policy-makers, such as the seven-nation summit meeting scheduled for Ottawa in July — a suggestion regularly mentioned in conversations by European government banking and monetary officials.

Mr. Weidenbaum said that the administration welcomed opportunities to discuss the issue, stressing in his talk that "we are sensitive to your concerns regarding high interest rates in the United States and their implications for exchange rates." However, he apparently ruled out any form of negotiation with the Europeans or changing the U.S. policy.

Referring to policy under previous Democratic administrations, the U.S. official said that "our program is designed to avoid the errors of the past — misguided efforts to lower interest rates temporarily by pursuing an expansionary monetary policy which then only led to increased inflationary pressures and ultimately higher interest rates."

Those attending the gathering, sponsored by the French Institute of International Relations, a non-

Argentina Slashes Value of Peso 30%

From Agency Dispatches

BUENOS AIRES — Argentina devalued the peso by 30 percent Tuesday in a bid to stop a run on foreign exchange reserves that forced the central bank to spend more than \$300 million on Friday alone.

In a nationally broadcast announcement Monday night, Economy Minister Lorenzo Sigaut also said the peso will be devalued a further 6 percent during June and thereafter the real parity of the peso will be maintained. Financial sources said they interpret this as meaning the peso will be devalued to offset inflation.

The run on reserves was spurred by a warning published in a newspaper that the economic collapse was imminent without drastic measures. The "high level source" cited by the newspaper, was Trade Minister Carlos Garcia Martinez, who suggested another large devaluation was necessary.

The devaluation — which follows ones of 10 percent in February and 28 percent in April, as well as smaller monthly devaluations — is another step by the two-month-old military government of President Roberto E. Viola away from the previous government's inflation-fighting strategy.

Peso Overvalued

The previous government relied on an artificially overvalued peso to bring the inflation rate down from more than 500 percent in 1976 to about 80 percent last year. The strategy, combined with a tearing down of tariffs that for decades had protected local industry, caused hundreds of companies to fold since they were unable to compete with a flood of imports and squeezed by interest rates that topped 150 percent annually.

W. German Trade Shifts Into Surplus

Manufacturers Post Rise in Production

From Agency Dispatches

WIESBADEN — West Germany's trade balance swung sharply into the black in April with a 5.3-billion Deutsche mark surplus following a 135-million DM deficit in March, the Federal Statistics Office reported Tuesday.

The surging trade surplus in turn helped slash the provisional April deficit in the current account, which covers trade as well as "invisibles" such as tourism. It narrowed provisionally to 400 million DM from a March deficit of 2.7 billion DM, the office said.

The current account had a 2.2 billion DM shortfall in April, 1980.

In Bonn, the Economics Ministry reported that the seasonally-adjusted production of the country's manufacturing industries rose 1 percent in April from March after falling 3.5 percent in March from February.

However, the ministry said industrial output, a better indicator of the overall trend of production, was unchanged in the March-April period from January-February, but 4 percent down from the year-earlier two-month period.

With exports in the first four months of this year totaling 124.8 billion DM to 121.7 billion DM, the current account deficit so far in 1981 has been led by 9.4 billion DM. Services and supplementary trade items have recorded a 4.7 billion DM deficit and transfers were in the red by 7.8 billion DM, the statistics office said.

Commercial bank economists said there were grounds for cautious optimism on trade even though not all the signs were encouraging.

Despite the fact that April's trade balance was triple the 1.1 billion DM surplus recorded in April, 1980, they said the 10.7-percent drop in April imports to 30.7 billion DM had been due in large part to lower oil imports and that a stronger U.S. dollar could cut into May and June trade results by raising the country's oil bill.

The stronger dollar could also increase tourist spending abroad during the summer and thus widen the current-account deficit.

As well there has been speculation in the press about alleged difficulties in raising new credits from Saudi Arabia. Finance Minister Hans Martinhoefer said Tuesday in Bonn that Saudi Arabia has informed West Germany that it is prepared to consider taking up further West German promissory notes.

Reagan Winning Over Europe

By Hobart Rowen
Washington Post Service

LAUSANNE, Switzerland — President Reagan has won the grudging admiration and applause of the European financial community for the revival of the U.S. economy — and the American spirit. But his audience here gives him a negative score so far on international economics.

The plus-marks on the domestic side are accorded Mr. Reagan despite rising U.S. interest rates in the United States that have pushed the dollar so high that even the Deutsche mark and Swiss franc have been humbled.

In interviews with key Swiss bankers, there was a striking unanimity of opinion favorable to Reagan's domestic program, and a belief that he is successfully restoring U.S. power in the world. "The strong dollar reflects a new wave of confidence in the American economy," said Franz Lutz of the Swiss Bank Corp.

"Reagan was underrated in Europe, and underrated by me as well," Fritz Lutz, the head of the Swiss National Bank, said in an interview in Zurich.

What has impressed the bankers is the way Mr. Reagan assigned his top priority to economic recovery, jammed through unprecedented budget reductions, and arrived early at a point where he can get most of his tax cut through — or delay it if he decides the economy needs less stimulation.

Mr. Lutz guessed that the rate of U.S. inflation "will drop to eight percent or even seven by the end of the year," pulling interest rates down significantly.

Mostly, the bankers shake their heads in a mixture of disbelief and bewilderment at the first quarter real-growth of 8.4 percent at an annual rate in the United States, accompanied by a fall in inflation — despite 20 percent interest rates.

Where Europeans find Reaganomics the weakest is in its foreign policy aspect. This is not so much a reaction to high U.S. interest rates, but a concern over the almost isolationist tone of U.S. international economic policy under Mr. Reagan.

All over Europe there is concern, for example, over under secretary of Treasury Beryl Sprinkel's enunciation of a hands-off policy on U.S. intervention in foreign exchange markets, except in crises, or to stabilize "disorderly" markets.

Storm Calming

"We felt it was completely unnecessary to say it," Mr. Lutz said, "especially at a time when the central banks of the United States, West Germany, Switzerland, and Japan declared their co-operation had improved."

Actually, that storm is calming down. Assurances have since been received from the Reagan administration that it is just as anxious as European governments to coordinate policy.

What will be more difficult to shake, the bankers feel, is the president's Boy Scout-like faith in the ability of the private sector to play a more prominent role in financing Third World aid and investment. Throughout Western Europe, there is fear that ideology on this score is getting in the way of practical good sense.

Most West European financial men are as dedicated as Mr. Reagan to a market-oriented system. But they also see the world going through a painful adjustment period, with huge debts to be financed. They anticipate that with some additional experience, the Reagan administration will become more sophisticated in international affairs.

At least, they hope so. "The danger," Lord Harold Lever, long-time confidant of past British governments, said in London "is that [otherwise] the deficit burden will fall on the weakest ones."

Wall Street Prices Fall; Trading Active

From Agency Dispatches

NEW YORK — Worries about the interest rate outlook pushed prices on the New York Stock Exchange lower Tuesday, with the decline accelerating towards the close of trading amid questions about whether a substantial downturn in interest rates is imminent.

The Dow Jones industrial average fell 10.48 points to close at 987.48. The index gained 6.21 points Monday after being up nearly 12 points to 1,003 at midday.

Declines outpaced advances more than two to one as volume narrowed to 53.93 million shares from 62.17 million Monday. The higher volumes lately indicate institutions are becoming more active.

Prices were lower in active trading of American Stock Exchange issues.

Analysts said the market historically has encountered profit-taking problems when the Dow industrial average gets to the 1,000 level. Some investors have automatic selling programs at that barrier.

The market's problems were compounded part of the day by the investment community's confusion over the fact that some interest rates were declining while

others were rising at the same time.

The federal funds rate banks charge one another for overnight loans soared Monday and Tuesday, with the rate rising to 14 percent.

At the same time, several major banks have lowered the prime lending rate they charge top corporate customers a half point to 20 percent. Bank of America and Citicorp, the two largest U.S. banks, cut their rate early in the day.

The prime cut was sparked by the Federal Reserve's report last Friday that the U.S. money supply dropped 51.2 billion. That was the second consecutive money decline and indicated the Fed may not have to restrain credit as much in the future as in the past year or so.

Investors also were watching with interest the battle between President Reagan and Democrats regarding his proposed three-year, 30-percent tax cut.

The president apparently is willing to accept a slimmed-down tax cut of 25 percent spread over three years. Many expect a resolution of the issue soon.

The Commerce Department reported, meanwhile, that sales of new U.S. single family homes declined 13.5 percent in April to a seasonally adjusted annual rate of 441,000 after an increase of 1.4 percent in March.

The department also said new orders received by manufacturers fell \$1.37 billion, or 0.8 percent, in April to a seasonally adjusted \$163.33 billion.

On the trading floor, weakness in the oil was a major factor in the overall market decline.

Volume leader Kennecott climbed 1 1/2 to 61 1/2 after the Federal Trade Commission said it would not challenge the proposed merger of Kennecott and Standard Oil of Ohio. Sobio lost 1 1/2 to 43 1/2.

IBM was active but declined 1/4 to 59 1/2. The stock scored well Monday after the company asked the Justice Department for talks to resolve a 12-year-old antitrust suit.

American Telephone & Telegraph, which dropped 1 1/2 points Monday, lost another 1/2 to close at 56 1/2. The company has announced plans to sell 15 million new shares this month.

Dollar Hits New High Against Franc, Lira

From Agency Dispatches

LONDON — The U.S. dollar, bolstered by signs that the much-heralded drop in U.S. interest rates will be slow in coming, surged Tuesday to record highs against foreign currencies in Paris and Milan. Gold fell \$10 an ounce in Zurich to \$473.50 a troy ounce and \$5.50 in London to \$476.

The dollar also reached a four-year high against the Deutsche mark and the Swiss franc and a two-year high in relation to the British pound.

But traders described the volume of trading as low.

Dealers attribute the dollar's strength to U.S. interest rates remaining at high levels, although most major U.S. banks lowered their prime lending rates Tuesday from 20 1/2 percent to 20 percent. Continued concern about political stability in Europe offered the backdrop for dollar support.

Trend 'Upwards'

"The general trend for the dollar is still upwards," said a foreign exchange dealer in Zurich.

The federal funds rate, which opened at 19 1/2 percent and rose to 20 percent before falling back, was a major factor contributing to the dollar's strength, dealers said Tuesday.

The rate jumped to 20 percent from around 18 percent Monday after unexpected attempts by the Treasury to alleviate a temporary cash shortage by draining reserves from the banking system.

Dealers said they believed the Fed had never drained reserves with the funds rate at such a high level, although they said the Fed's operation was widely viewed as a move to offset seasonal factors and not as a bid to tighten money market conditions.

Although this technical drain is likely to be reversed later in the week, the rise it caused in the Fed funds rate was enough to push other short-term U.S. interest rates higher.

Analysts had expected a general decline in interest rates to begin Monday, largely because the Fed reported Friday that the U.S. money supply had declined in the latest reporting week. That was viewed as an indicator that the Fed had money supply growth under control as a defense against inflation and would not further tighten credit.

The day began with the dollar's rise of more than 1.5 yen in Tokyo to 232.30 yen, compared with Monday's 221.65.

The dollar's biggest jump was in

Milan where it surged 16.25 lire to a new high of 1,174.75 lire.

In Paris, it jumped rose from 5.5435 Monday to its highest level ever of 5.6365 francs at the fixing before falling off in late trading.

The dollar's strength helped drive down the Bourse since continued the run on stocks that hit the exchange Monday after the publication of opinion polls indicating that the leftist parties will win a majority in the French legislative elections later this month.

The dollar closed in Frankfurt at 2.3640 DM, up from 2.3285 Monday. Foreign exchange dealers said interest rate considerations were eclipsed by persisting concern in the market over the future of the Deutsche mark.

In London, the pound lost more than 1 cent to fall below \$2.05 for the first time since May 22, 1979. The pound fell to \$2.0405, down from Monday's \$2.0587.

In New York, the dollar opened very firm from Monday's close of 2.3495, rising above 2.37 DM at mid-session before easing slightly, dealers said. They attributed the drop to profit-taking and evening out of positions.

Short-term interest rates in the United States traded erratically but with a generally firmer tone Tuesday, dealers said.

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Annual General Meeting of April 29, 1981

At the Annual General Meeting on April 29, 1981 chaired by Chairman François Giscard d'Estaing with the assistance of Honorary Chairman Georges Assémat and General Manager Albert Bouvier, the shareholders of BFCE heard the Chairman's letter and the Board's and Auditor's reports, and approved the 1980 balance sheet and income statement and the appropriation of the year's results.

The bank's total assets "France and Abroad" at December 31, 1980 stood at 159.7 billion francs, 14.1% higher than the figure of 140 billion a year earlier. The increase is attributable to:

- a 17.1% rise in banking uses and customer credits to a total of 40.1 billion francs, divided roughly evenly between francs and other currencies as compared with a 60%/40% breakdown in 1979. This trend is due to expansion, particularly abroad, of "foreign currency" operations, financed in part out of the proceeds of a third floating-rate bond issue of US\$40 million, while "franc" operations were still subject to credit restrictions which were relaxed early in the year by a 100,000,000-franc new share issue and 300,000,000 francs of bond issues.
- a 13% increase in short, medium and long term export financing requiring BFCE's intervention.

The aggregate exceeded 106 billion francs and accounts for 66.4% of the total assets. Including memorandum items, the increase was 7.3% in short term, 18.9% in medium term and 16.2% in long term.

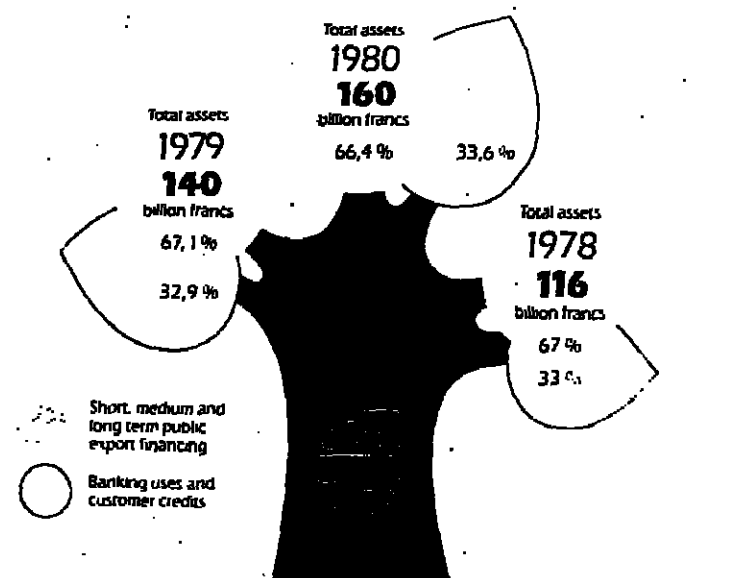
The income statement reflected a gross banking profit of 1,106 million francs, after 828.1 the year before, most of the 33.6% advance deriving from the combination of an appreciable enhancement of working capital and customer deposits and an improvement in reinvestment conditions in the latter half of the year, as well as from the volume of letter of credit and guaranty business. After the customary appropriations, including 10,000,000 F to the employee profit-sharing, 40,000,000 F for corporate income taxes and a substantially larger transfer to provisions for credit risks, the net profit was 60,400,000 francs, a 32% increment roughly corresponding to the gross banking profit increase.

At the same 7.1% rate on a larger capital, the dividend is up from 15 to 22 1/2 million francs, and 19,500,000 F were appropriated to reserves as against 13,700,000 in 1979.

BFCE now has shareholders' equity and long term resources totalling nearly 1.8 billion francs.

BFCE

BANQUE FRANÇAISE DU COMMERCE EXTERIEUR



Oil and Money Conference.

London, Sept. 28-29.

The second annual International Herald Tribune/Oil Daily conference on "Oil and Money in the Eighties" will take place September 28 and 29 in London.

Sheikh Ahmed Zaki Yamani, Minister of Petroleum and Mineral Resources, Saudi Arabia, will head a list of distinguished speakers from industry and government around the world. Among the subjects to be discussed will be the supply-demand outlook, financing oil production, the impact of politics on future oil policies, alternative energy resources and related issues.

For further information, please contact the International Herald Tribune Conference Dept., 181 Avenue Charles-de-Gaulle, 92581 Neuilly Cedex, France. Telephone: 747-12-65. Telex: 612832.

CURRENCY RATES

Interbank exchange rates for June 2, 1981, excluding bank service charges.

	\$	£	D.M.	F.F.	L.L.	G.M.	B.F.	S.F.	D.K.
Amsterdam	2.485	1.324	111.12	46.72	2.224	4.913	125.54	35.30	1.324
Brussels	2.485	1.324	111.12	46.72	2.224	4.913	125.54	35.30	1.324
Frankfurt	2.485	1.324	111.12	46.72	2.224	4.913	125.54	35.30	1.324
London (3)	2.485	1.324	111.12	46.72	2.224	4.913	125.54	35.30	1.324
Milan	1.374.30	2.395.10	46.70	28.95	1.374.30	2.395.10	46.70	28.95	1.374.30
New York	1.000	0.724	0.423	0.179	0.0859	0.3399	0.266	0.077	0.1311
Paris	2.485	1.324	111.12	46.72	2.224	4.913	125.54	35.30	1.324
Zurich	2.485	1.324	111.12	46.72	2.224	4.913	125.54	35.30	1.324
BCU 1.075	0.528	2.544	4.035	1.243	2.383	41.514	2.255	0.0155	

	\$	£	D.M.	F.F.	L.L.	G.M.	B.F.	S.F.	D.K.
East.	1.324	0.724	0.423	0.179	0.0859	0.3399	0.266	0.077	0.1311
Australia	0.8794	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045
Canada	0.724	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045
Denmark	1.324	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045
Finland	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045
France	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045
Germany	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045
Greece	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045
Italy	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045
Japan	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045
Netherlands	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045
Portugal	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045
Spain	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045
Sweden	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045
Switzerland	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045
Taiwan	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045
Thailand	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045
U.S.	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045	0.0045

(*) Shortages: 1.324 Irish L.
 (**) Commercial franc (L) Amounts needed to buy one pound. (**) Units of 100. (x) Units of 1,000.

Tables include the nationwide prices up to the closing on Wall Street.

(Continued on Page 18)

International Herald Tribune
181, avenue Charles-de-Gaulle,
92200 Neuilly, France.

Japan Fails To Budge on EEC Trade

BRUSSELS — The European Economic Community's top trade negotiator said Tuesday that talks on trade restraint with Japanese officials here had amounted to "pretty much hear zero," and he urged the 10 EEC countries to take new action to pressure Japan to moderate exports.

Sir Roy Deam, the EEC external affairs director, told a news conference that talks Monday and Tuesday with Japan's deputy foreign minister, Kiyoaki Kikuchi, resulted in virtually "no progress."

The commission had been hoping for moves from Japan both to restrain a flood of exports to Europe and to open the Japanese market to more European goods.

The next step, Sir Roy said, would be to ask EEC foreign ministers at a meeting June 23 to decide on new action. The foreign ministers asked Japan in February to voluntarily cut exports of cars, television sets and other goods to Europe.

"We've sent no figures yet that demonstrate in any of these sectors the moderation the council had expected," Sir Roy said.

Cars to Cookies
Sir Roy ticked off a list of about 15 commodities ranging from cars to cookies, over which the EEC is seeking either a moderation of exports or relaxation of tariffs to allow European goods to compete in Japan. After nearly every item he added the words, "No progress."

Further talks will be held here June 17 with Rokusuke Tanaka, Japan's trade minister.

Sir Roy quoted recently released statistics, mostly from Japanese sources, to support his assertion the trade deficit is "not only alarmingly large but rapidly increasing."

He said the EEC deficit with Japan, up 57 percent last year to \$11 billion, has jumped by 45 percent in the first four months of this year over a corresponding 1980 period.

Japanese auto exports to the Common Market are running 20 percent higher than in 1980, according to the Japanese statistics.

Sir Roy said the Japanese had repeated their rejection of any general restraint agreement on car exports to the European community as long as individual EEC states kept national import controls in place. Italy, France and Britain already apply quota restrictions.

New Camera Prompts Review of Polaroid

By Gene G. Marcial

NEW YORK — With Polaroid attempting to focus attention on its new electronic camera and high-speed film, Wall Street is trying to get a clearer picture of the company.

Several Polaroid followers have expressed bullish opinions on the stock for this year and next, in part because of the new camera and film introduced last week, called the 600 system. There are disbelievers, however, and at least one analyst reinstated his sell recommendation on Polaroid on Friday.

Richard Simon, an analyst at Goldman, Sachs & Co., withdrew a sell recommendation a few days before the unveiling of the new camera and film last Wednesday, but reinstated his sell opinion Friday, after evaluating the system.

One of his concerns is the reaction of the consumer, which he expects will not be very enthusiastic. "The new camera gives the consumer tremendous value for his dollar, but he won't... appreciate some of the refinements," Mr. Simon said.

The system uses an integrated electronic flash and film with a speed rating of 600 ASA, the fastest, most light-sensitive color print film on the market.

"It's awfully hard to call the earnings on the stock," Mr. Simon added, "and the risk

is greater in being in the stock than in being out of it and missing the move."

Several Polaroid watchers disagree, however. "I'm impressed by the system, although it may take some time to explain the value and appeal of the system to consumers," said Peter J. Enderlin, of Smith Barney, Harris Upham & Co., who believes the stock "fundamentally is a good buy."

Engene G. Glazier, vice president at Dean Witter Reynolds, is convinced the new product will help Polaroid in arresting a decline in unit volume. He concedes that the new system's advantages will not be apparent immediately to the average consumer.

There will be a particular need for an advertising campaign by Polaroid to communicate the system's unusual features, analysts agree.

They expect the new camera and film will begin to help earnings by the fourth quarter of this year or the first quarter of next year. "The new product, in combination with a better economy and improved consumer spending environment, will give a very strong impetus to Polaroid earnings next year," said Mr. Glazier, who figures the company will boost per-share earnings to \$2.70 this year and \$3.85 next year, from last year's \$2.60.

Mr. Glazier particularly emphasizes Po-

laroid's efforts at bringing costs "under very tight control in the past year."

Ty Govatos, vice president at Bache Halsey Stuart Shields, reiterated his purchase recommendation on the stock, asserting that the "new system substantially enhances Polaroid's longer-term outlook." But he advises against buying the stock solely because of the new camera and film.

Tom Henwood, vice president at First Boston, said he does not think Polaroid earnings will be "within my initial expectations," largely because of the strength of the dollar against European currencies. He noted that 70 percent of Polaroid earnings are generated outside the United States.

Brenda Lee Landry, analyst at Morgan Stanley & Co., expects Polaroid to post flat earnings this year and estimates it will earn between \$3.50 and \$4 next year. She also is impressed by the new 600 system, and recommends Polaroid as a long-term buy.

A problem Polaroid may face, analysts say, is the possibility that Eastman Kodak may come out next year with a new line to compete with Polaroid's new products. Ms. Landry expects Kodak's earnings to leap to between \$8.15 and \$8.40 a share this year, and to the \$9.50-\$10 range in 1982, from 1980's adjusted \$7.15.

Hudson's Bay's Huge Holdings Behind Dome Interest

New York Times Service

TORONTO — In 1869 the Hudson's Bay Co., founded in England in 1670 as a fur trading concern based in Canada, was granted by Queen Victoria one-twentieth of all lands surveyed for 50 years in the area north of the United States, east of the Rockies and west of Lake Winnipeg.

That grant subsequently provided a vast endowment for the Hudson's Bay Oil and Gas Co., which was set up in 1926 as a joint venture between the parent trading company and Continental Oil, now Conoco, based in Stamford, Conn.

Hudson's Bay Oil now controls 13.6 million acres in Canada and 8.9 million acres in foreign areas. It is also the second-largest natural gas producer in Canada, with the highest gas reserves per acre.

It is this legacy of land and the potential energy wealth trapped beneath it that made Hudson's Bay Oil, now controlled by Conoco, attractive to Dome Petroleum of Calgary, Alta. Monday, Conoco agreed to accept \$1.68 billion from Dome for its 52.9 percent interest in Hudson's Bay Oil.

Development Potential
Under that agreement, Dome will pay Conoco \$245 million in cash and 22 million shares of Conoco stock that it bought last week for \$14.43.

As a recent research report by Richardson Securities of Canada said: "Hudson's Bay Oil has one of the largest inventories of undeveloped land in western Canada... this is thought to provide substantial exploration and development potential for the company."

Analysts say Canada's nationalistic policies on energy development combined with Dome's tax situation makes Hudson's Bay Oil "has a high concentration of land in Alberta, and Dome has consistently sought out land-rich companies."

Land Position
The Richardson report describes Hudson's Bay Oil's 5.7 million acres in western Canada as "one of the largest land positions in the industry." The report went on, "It is nicely complemented by a further 7.9 million net acres in Canada's frontier areas [the East Coast, the Northwest Territories and the Arctic Islands] and by an additional 8.9 million net acres in various foreign areas," including Indonesia.

U.S. Trade Unit Urges End To Quota on Shoe Imports

By Clyde H. Farnsworth

WASHINGTON — An inter-agency trade advisory group has recommended to President Reagan that he terminate quotas on shoe imports from Taiwan and South Korea, which account for 50 percent of the footwear shipments to the United States, an administration official said Monday.

The staff of the Treasury, State, Labor and Commerce Departments, the Council of Economic Advisers, the Office of Management and Budget and the U.S. trade representative came to a consensus that the quotas be eliminated as a signal of the administration's commitment to free trade.

The case comes before the president following some criticism from liberal trade advocates that the administration bowed to protectionist forces in pressing Japan recently to restrain exports of autos to the United States during the next two years.

Administration officials said the

company has interests in nine other countries, where it drilled 51 wells last year, of the successful ones, 37 were oil wells and two were gas wells, with a success ratio similar to that of their Canadian operations, Mr. Maier said.

"Indonesia is still our most successful area of operations, and encouraging discoveries were made there last year," Mr. Maier said.

Hudson's Bay Oil, with assets of

\$1.2 billion in Canadian funds (\$997 million U.S.) as of Dec. 31, 1980, reported net profits last year of \$145.4 million, or \$1.92 a share, up 10.2 percent from \$131.9 million, or \$1.74, in 1979. Revenues rose 25.1 percent, to \$604.7 million from \$483.2 million.

In the first quarter of 1981, net earnings declined 43.2 percent to \$21.6 million, or a 21.2 percent increase in revenues, to \$173.5 million from \$143.2 million. Mr. Maier attributed the earnings decline to new and higher federal energy taxes.

R.F. Haskayne, the company's president, said a year ago that the company expected to invest upward of \$7 billion in the next decade.

But the announcement of Canada's National Energy Program last October disrupted those plans. As a result, the company's revised budget for 1981 provides \$203 million for petroleum exploration and development in Canada, down from \$378 million, and \$18 million for the oil sands program, down from \$53 million.

The National Energy Program has as a primary aim the doubling of domestic ownership by 1990 to at least 50 percent in an industry dominated by foreign-owned companies. Under Conoco's control, Hudson's Bay Oil does not qualify for any incentive grants.

But William Magee, vice president of Nesbitt Thomson Bongard, a charter investment dealer, calculated that, under Dome's control, Hudson's Bay Oil "would qualify for maximum federal exploration incentives" of 80 cents for every \$1 spent.

consensus itself was unusual, as departments and agencies usually take conflicting positions on trade issues.

The domestic industry has been lobbying Congress and the White House in efforts to convince Mr. Reagan to maintain the quotas on imports from both countries for another three years.

If they are not renewed by the president, the quotas would be dismantled at the end of this month.

The International Trade Commission, a government fact-finding body for trade cases, ruled April 9 that termination of the quotas on Taiwan before June 30, 1983, would have an adverse impact on the domestic industry.

But it decided 3 to 1 that lifting the quotas on imports from South Korea would not be damaging because the segment of the domestic industry that makes the types of footwear South Korea ships — mainly athletic shoes — is already sufficiently competitive.

Major Banks Offer Money Market Notes

By James L. Rowe Jr.

NEW YORK — Two more major banks Monday took direct aim at money-market mutual funds and announced that they would offer \$100 million of so-called money-market notes in minimum, consumer-sized denominations of \$1,000.

Chase Manhattan Corp. and Continental Illinois Corp., the parent companies of the big New York and Chicago banks, said the seven-year notes would have their interest rates adjusted every Wednesday in line with the rate paid on one-month commercial paper. The notes would yield about 17.15 percent, based on the weekly report of commercial paper rates released by the Federal Reserve.

Although the interest is adjusted weekly, it will be paid monthly.

In Geneva, meanwhile, Federal Reserve Board chairman Paul A. Volcker said that the variety of new investments being created by investment firms and banks need to be reviewed to see whether they should be "brought under controls."

The Reagan administration says it opposes any controls on money-market mutual funds, high-yielding investments which bankers claim have drawn off billions of dollars of their deposits. Banks cannot run money-market funds. But the new notes are aimed at competing with the money-market funds for consumer dollars, according to Frederick Pape, managing director of Merrill Lynch, Pierce, Fenner & Smith.

Merrill Lynch, which runs the biggest money-market mutual fund, is the lead underwriter for Chase and Continental, as well as Manufacturers Hanover Corp., parent of the nation's fourth-biggest bank, which pioneered the seven-year money-market notes last week.

Joseph Connolly, senior vice president for finance at Manufacturers, said the notes compete with all money-market instruments.

1 Billion Acres
To Open in U.S.

OKLAHOMA CITY — One billion acres of federal land will be opened for petroleum development during the next five years, Energy Secretary James B. Edwards has said.

He said Monday that figure compared with only 40 million acres of federal land developed in the last 28 years. Speaking at a dedication for a drilling rig, Mr. Edwards said 66 percent of the country's energy resources have been locked up in about 34 percent of federal lands.

He said some of the federal land to be opened would be offshore and 100 million acres would be in Alaska. He said he and Interior Secretary James G. Watt are working to free 200 million acres per year of federal land for energy exploration during the next five years.

But most money-market instruments, such as certificates of deposit, or CDs, are issued in big denominations. The new seven-year notes, which still must go through procedures at the Securities and Exchange Commission, are issued in small enough denominations to appeal to small savers.

Money-market funds, which are run by brokers, pool investors' deposits and buy money-market instruments. Money-market funds, on average, yield about 15 percent today. Money-market funds generally permit investors to write checks on their deposits and to withdraw their funds at any time.

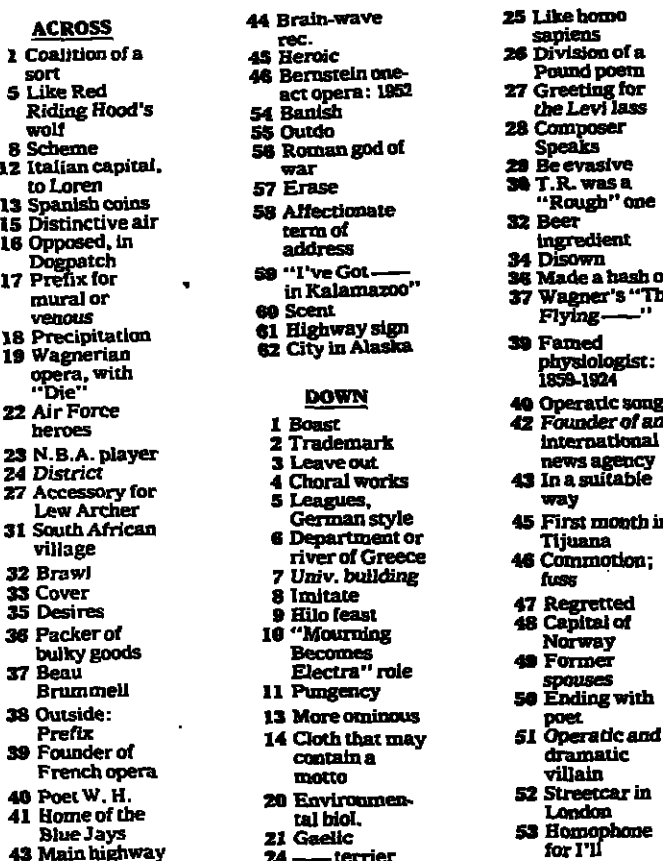
Unlike money-market funds, which will pay an investor his deposit immediately, purchasers of the money-market notes would have to sell them to another investor.

Help for Thrifts Considered
NEW YORK (Reuters) — The U.S. Treasury and regulatory bodies are together considering methods to help troubled savings and loan associations by bolstering their net worth, a Treasury official said.

Roger Mehl, deputy Treasury secretary for domestic finance, told a news conference that providing the savings institutions with letters of credit to boost their net worth would be "a proper approach to the problem."

Tokyo Exchange

June 2, 1981	Yen	June 2, 1981	Yen
Asahi Chem.	1,350	Asahi Chem.	1,350
Asahi Glass	1,350	Asahi Glass	1,350
Asahi Ind. Corp.	1,350	Asahi Ind. Corp.	1,350
Asahi Print	1,350	Asahi Print	1,350
Asahi Steel	1,350	Asahi Steel	1,350
Asahi Textile	1,350	Asahi Textile	1,350
Asahi Paper	1,350	Asahi Paper	1,350
Asahi Cement	1,350	Asahi Cement	1,350
Asahi Electric	1,350	Asahi Electric	1,350
Asahi Chemical	1,350	Asahi Chemical	1,350
Asahi Petroleum	1,350	Asahi Petroleum	1,350
Asahi Shipping	1,350	Asahi Shipping	1,350
Asahi Trading	1,350	Asahi Trading	1,350
Asahi Finance	1,350	Asahi Finance	1,350
Asahi Insurance	1,350	Asahi Insurance	1,350
Asahi Real Estate	1,350	Asahi Real Estate	1,350
Asahi Securities	1,350	Asahi Securities	1,350
Asahi Bank	1,350	Asahi Bank	1,350
Asahi Trust	1,350	Asahi Trust	1,350
Asahi Leasing	1,350	Asahi Leasing	1,350
Asahi Factoring	1,350	Asahi Factoring	1,350
Asahi Consulting	1,350	Asahi Consulting	1,350
Asahi Engineering	1,350	Asahi Engineering	1,350
Asahi Architecture	1,350	Asahi Architecture	1,350
Asahi Design	1,350	Asahi Design	1,350
Asahi Planning	1,350	Asahi Planning	1,350
Asahi Research	1,350	Asahi Research	1,350
Asahi Development	1,350	Asahi Development	1,350
Asahi Construction	1,350	Asahi Construction	1,350
Asahi Maintenance	1,350	Asahi Maintenance	1,350
Asahi Repair	1,350	Asahi Repair	1,350
Asahi Replacement	1,350	Asahi Replacement	1,350
Asahi Restoration	1,350	Asahi Restoration	1,350
Asahi Refurbishment	1,350	Asahi Refurbishment	1,350
Asahi Renovation	1,350	Asahi Renovation	1,350
Asahi Reconstruction	1,350	Asahi Reconstruction	1,350
Asahi Rebuilding	1,350	Asahi Rebuilding	1,350
Asahi Reestablishment	1,350	Asahi Reestablishment	1,350
Asahi Reorganization	1,350	Asahi Reorganization	1,350
Asahi Reformation	1,350	Asahi Reformation	1,350
Asahi Rejuvenation	1,350	Asahi Rejuvenation	1,350
Asahi Revitalization	1,350	Asahi Revitalization	1,350
Asahi Renewal	1,350	Asahi Renewal	1,350
Asahi Restoration	1,350	Asahi Restoration	1,350
Asahi Rebuilding	1,350	Asahi Rebuilding	1,350
Asahi Reestablishment	1,350	Asahi Reestablishment	1,350
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Asahi Rejuvenation	1,350	Asahi Rejuvenation	1,350
Asahi Revitalization	1,350	Asahi Revitalization	1,350



	HIGH	LOW			HIGH	LOW					
	C	F	C	F	C	F	C	F			
ALBUQUERQUE	26	79	13	55	Fair	MADRID	23	72	12	54	Cloudy
ALBUQUERQUE	26	79	13	55	Fair	MEXICO CITY	25	77	15	59	Fair
AMSTERDAM	24	77	14	61	Cloudy	MEXICO CITY	25	77	15	59	Fair
ANKARA	27	81	13	55	Cloudy	MIAMI	31	88	24	75	Fair
ANTWERP	28	82	16	68	Cloudy	MILAN	21	70	14	57	Cloudy
ARLICKLAND	19	66	10	38	Cloudy	MILWAUKEE	21	70	14	57	Cloudy
BANGKOK	34	93	22	81	Cloudy	MOSCOW	23	73	16	59	Fair
BANGKOK	34	93	22	81	Cloudy	MUNICH	28	82	15	55	Cloudy
BELGRADE	20	56	17	63	Fair	NAIRPATI	24	75	12	54	Cloudy
BELGRADE	20	56	17	63	Fair	NEW DELHI	31	87	23	73	Cloudy
BELTIN	20	56	17	63	Fair	NEW DELHI	31	87	23	73	Cloudy
BIRMINGHAM	24	75	15	59	Fair	NEW YORK	24	75	16	61	Cloudy
BURKHARDT	26	79	14	57	Fair	NEW YORK	24	75	16	61	Cloudy
BURKHARDT	26	79	14	57	Fair	OSLO	21	71	11	52	Fair
SUENOISAIRES	20	66	16	61	Cloudy	PARIS	23	73	16	63	Cloudy
CHICAGO	28	82	18	64	Fair	PERKINS	24	75	16	61	Cloudy
CASABLANCA	29	84	19	67	Cloudy	PERKINS	24	75	16	61	Cloudy
CASABLANCA	29	84	19	67	Cloudy	RIO DE JANEIRO	27	81	19	64	Cloudy
COPEHAGEN	22	72	11	53	Cloudy	ROME	38	86	14	61	Fair
COPEHAGEN	22	72	11	53	Cloudy	ROME	38	86	14	61	Fair
DAMASCUS	38	100	22	72	Fair	SAN FRANCISCO	25	76	15	58	Cloudy
DAMASCUS	38	100	22	72	Fair	SAN FRANCISCO	25	76	15	58	Cloudy
DUBLIN	15	59	11	53	Stormy	SAO PAULO	25	75	15	55	Cloudy
DUBLIN	15	59	11	53	Stormy	SEATTLE	24	75	15	54	Fair
FLORENCE	28	82	19	66	Fair	SHANGHAI	23	73	16	61	Cloudy
FLORENCE	28	82	19	66	Fair	SINGAPORE	30	80	24	75	Cloudy
FRANKFURT	28	82	19	66	Fair	STOCKHOLM	22	72	13	55	Overcast
FRANKFURT	28	82	19	66	Fair	STOCKHOLM	22	72	13	55	Overcast
HELSINKI	22	72	12	54	Cloudy	SYDNEY	26	68	13	55	Cloudy
HONG KONG	26	79	24	75	Main	TAIPEI	24	75	16	61	Cloudy
HONG KONG	26	79	24	75	Main	TEL AVIV	29	77	17	63	Fair
ISTANBUL	21	74	15	59	Fair	VENICE	24	77	17	53	Fair
ISTANBUL	21	74	15	59	Fair	VIENNA	39	86	14	61	Fair
JERUSALEM	21	74	15	59	Fair	VIENNA	39	86	14	61	Fair
JERUSALEM	21	74	15	59	Fair	WASHINGTON	27	81	19	66	Storm
LAD PANG	28	82	19	66	Stormy	ZURICH	27	81	19	66	Storm
LAD PANG	28	82	19	66	Stormy	ZURICH	27	81	19	66	Storm
LIMA	21	74	15	59	Fair						
LIMA	21	74	15	59	Fair						
LISBON	21	74	15	59	Fair						
LISBON	21	74	15	59	Fair						
LOS ANGELES	24	75	19	63	Cloudy						

JUN 2 1981

[illegible][illegible]

(Answers tomorrow)

Yesterday's Jumbles: **BROOD CHUTE NOTIFY SAFARI**
Answer: When a pretty girl wears a ponytail, she shouldn't be surprised if the boys want to this—**HORSE AROUND**

1. *Journal of the American Medical Association*, 1990; 263: 1025-1026.

Reviewed by John Leonard

John Leonard is on the staff of The New York Times.

[illegible]

Pecci Beats Noah; Borg Gains Semis

By Nick Spout

PARIS — After dropping the first set, Victor Pecci of Paraguay rediscovered his big serve and overpowered Yannick Noah, 3-6, 6-4, 6-4, Tuesday, to reach the semifinals of the French Open tennis tournament. He will play Bjorn Borg, who eliminated Balazs Taroczy, 6-3, 6-3, 6-2.

"I was serving better than ever," Pecci said after the match. "The last time I served so well was probably in 1979 against Vilas and Connors." He was referring to the French Open two years ago, when he sailed past Harold Solomon, Guillermo Vilas and Jimmy Connors, only to lose to Borg in the final.

The Pecci-Borg rematch should be interesting, not only because of the 1979 encounter but also because it was Pecci who last defeated Borg in Monte Carlo in April.

Lloyd to Meet Mandlikova
Chris-Evett Lloyd, meanwhile, defeated Virginia Ruzici, 6-4, 6-4, to earn a semifinal berth against Hana Mandlikova, who finally stopped Kathy Rinaldi, the 14-year-old American who earlier had defeated Dianne Fromholtz and Anne Smith. Mandlikova, who beat Lloyd last year in Atlanta, won Tuesday, 6-1, 6-3.

Andrus Jaeger advanced with a 4-6, 6-2, 6-0 victory over Milana Jausovec, a 24-year-old Yugoslav and former champion here. In the semis, she will play either Martina Navratilova or Sylvia Hanika. Navratilova was losing, 1-4, in the first set when rain and darkness halted play.

As a Frenchman, Noah was the overwhelming favorite here. He was still riding the euphoria of his victory Monday, over Guillermo Vilas, when he walked out to play in front of the cheering fans on the center court of Roland Garros Stadium. He played aggressively, coming to the net often and volleying for winners.

But the 6-foot 4-inch Pecci was also on the attack, always forcing the play. The match contrasted markedly with the routine, often boring, show that two baseline players put on. In the Borg-Pecci match, the two styles will be in conflict.

With his victory over Taroczy, Borg advanced to the semis without having lost a set. "A lot of the games were really close," he said of his Tuesday match. "But it has always been that way with Balazs. Today, I won all the important

points but our games are always close." Borg has now beaten Taroczy six times without a loss. The last time they met was in the fourth round here last year.

The other men's semifinalists will be decided Wednesday, when John McEnroe plays Ivan Lendl and Jose-Luis Clerc meets Jimmy Connors.

While Lloyd defeated her Romanian opponent in two sets, she needed more than two hours to complete the match as the two engaged in marathon games. Lloyd's victory streak over Ruzici has now reached 19, nine of them since the two met in the final here last year.

Lloyd has said repeatedly that Ruzici is the second-best clay-court player in the world.

"This was one of my best matches on clay," Ruzici said Tuesday. "I was just glad that I was able to get into the games. I was humiliated last year, and I went on the court today thinking that I was ready to die out there trying to beat her."

Asked to comment on Lloyd's assessment of her talents, she said: "I'm sure that I am one of the top four on clay in the world. If I could hit my forehand as well as my backhand I would be the best player in the world."

Mandlikova sent Rinaldi back into the real world, deciding with a pinpoint of shots. "I'm not upset that I lost," Rinaldi said. "I just wish I would have played a little better."

Mandlikova, 19, said she was in much better shape than she was last year, when she lost to Lloyd in the semis. "The public expects me to play a good game against Chris," she said. "And I think I can, if I'm patient."

Jaeger had some trouble in the first set, but was clearly in command when the match ended. "It's a big difference from last year, she conceded, referring to her first-round elimination from the French Open.

"Even if I had lost today I would have been satisfied because I played so much better than last year. Jausovec won here in 1977. It's not like it has been an easy draw for me," Jaeger said.



Victor Pecci

... A rallying winner, 3-6, 6-4, 6-4, 6-4.

Bird, 14-Hit Yankee Attack Beat Indians, 5-3

From Agency Dispatches

CLEVELAND — Doug Bird, moved into a starting role because of injuries to Tommy John and Ron Guidry, won his 11th consecutive game Tuesday night in helping New York to a 5-3 triumph over the Indians.

Bird (4-0) has not lost a game since Aug. 16, 1978. He went five

innings before giving way to Ron Davis, who pitched into the ninth.

The Yankees had 14 hits, including base-empty home runs by Rocky Dent and Dave Winfield. Dent's homer in the third put the Yankees ahead to stay after Jorge Orta's home run had tied the score at 2-2. The triumph marked the 22d time in 23 games the Yankees have won this season after taking a lead into the seventh inning.

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In Kansas City, Mo., George Brett batted in two runs with a triple and single to spark the Royals past Seattle, 3-2. Paul Splittorff

went eight innings to raise his record to 2-4 with Dan Quisenberry pitching the final inning for his eighth save.

Tigers 4, Brewers 3
In Detroit, pinch-runner Mick Kelleher scored from third on Lynn Jones' ground single up the middle — his fourth hit of the game — with one out in the 12th to give the Tigers a 4-3 decision over Milwaukee.

Dave Rozema went the last two innings to get the victory. Ted Simmons homered for the Brewers.

Angels 3, Blue Jays 0
In Toronto, Ken Forsch pitched a three-hitter and Butch Hobson

and Dan Ford hit bases-empty homers to power California to a 3-0 victory over the Blue Jays.

Forsch (7-3) struck out six and walked three in posing his sixth complete game and third shutout of the year.

Dodgers 5, Braves 2
In the National League, in Los Angeles, Fernando Valenzuela pitched a seven-hitter and struck out 11 to become the major league's first nine-game winner in leading the Dodgers past Atlanta, 5-2.

Snapping a personal two-game losing streak, Valenzuela took over the major-league lead in strikeouts with 90 and in innings pitched with 99. Rick Monday had a home run for the winners.

Phillies 5, Mets 4
In Philadelphia, the Phillies rallied for two runs in the ninth, to beat New York, 5-4. Maddox's

second home run of the year, off reliever Neil Allen, tied the score, 4-4; pinch-hitter George Vukobratovic added a single that drove in the winning run. Dave Kingman had given the Mets a 4-3 lead when he opened the eighth with a bases-empty homer, his 12th of the year and his sixth in seven games.

Reds 8, Giants 5
In San Francisco, Dave Concepcion's run-scoring double ignited a four-run ninth-inning rally that pushed Cincinnati past the Giants, 8-5. Dave Collins led off the inning with a walk off reliever Greg Minton. Ken Griffey singled Collins to third; Concepcion drove him in with a bloop double and George Foster was walked to load the bases. Gary Lavelle relieved Minton and struck out pinch-hitter Mike Vail, but Ray Knight's single



Indian third baseman Toby Harrah, throwing off-balance, just missed getting the Yankees' Willie Randolph on a first-inning grounder Monday night in Cleveland. New York won game, 5-3.

The Soccer Scene The Russians Are Coming

By Rob Hughes

International Herald Tribune

LONDON — The Russians are coming. They are on the attack and, by this time next year, will represent a threat to the world.

That, believe it or not, is the most encouraging conclusion to be drawn from four days of otherwise extremely sick soccer last week. Coming after the dreadfully boring European Cup final — "chloroform football," a French reporter called it — and before the disgrace of the England team and her hooligan supporters in Switzerland, 11 Russians had us rising to applaud a masterful display of controlled and imaginative modern soccer.

It is highly significant that the two nations that have begun 1981 most impressively are Brazil and the Soviet Union. Significant because they are far and away the most populated soccer countries; gratifyingly significant in that each has a new manager committed to enterprising play.

Brazil, with recent victories in England, France and, more surprisingly, West Germany, is being sensibly redirected toward intelligent touch-play. The Soviet Union, whose 12 unbeaten games include

a victory in Brazil, has departed convincingly from the sterile soccer it pursued for the past decade.

Getting the Points
Manager Constantin Beskov, known for the attacking style of his Moscow Spartak club, appears to have grasped two things: that most battles are won going forward and that his homeland, with a 255-million populace, damned well ought to be able to find a dozen individuals capable of winning most battles.

Before anyone thinks I have lost my marbles, it is conceded that the Soviet performance inspiring these views was nothing better than a 0-0 draw in Wales — a nation that cannot muster three million citizens. But the scoreline was a travesty.

The Soviet Union, changing gear and direction with perplexing fluency, created chances with studied brilliance — and squandered them with abandon. None spurred more opportunities than David Kipiani, the balding, orchestrator whose skills had won the Cup Winners Cup for Dynamo Tbilisi, and Oleg Blokhin, whose electric pace has Olympic potential, bred

as it was out of a Ukrainian national sprint champion.

Kipiani, Blokhin and Alexander Chivadze, the imaginative sweeper, are acknowledged masters. But now they are surrounded by quality: tall, stringy and elastic; right-back Tangiz Sulakvelidze; counterattacks swiftly; center-forward Sergei Andreyev is an elusive foil for Blokhin. Midfield, of course, is Kipiani's springboard, but Vladimir Bessonov and Khoren Oganesyan are young lieutenants thriving on his artistry.

Welcome, Soviet Union, to the minority stage of entertaining soccer.

Wretched Contribution
Sadly, we can no longer put off England's wretched contribution to international soccer. Liverpool's dull triumph over Real Madrid in the European Cup and the clash between their supporters and French riot police before the game was a prelude to England's defeat against Switzerland.

On Saturday, England faces in Budapest a Hungarian side which with Andras Torosik, Tibor Nyilasi and László Kiss — is even more gifted. But Hungary's aging

team and its neurotic defense at least encourages England to hope she can restore a modicum of World Cup pride.

In other groups, Italy expects to consolidate qualification by winning in Denmark and Northern Ireland's chances require at least a draw in Sweden.

Anywhere but Budapest, the spotlight is on players. In Hungary, alas, the TV eye will roam the terraces, surveying the behavior of English youths, 52 of whom were arrested during drunken brawls in Switzerland. English parliamentarians are embroiled in their almost annual breastbeating, their pathetic long-range opinionating over the country's stupid flag-bearers abroad.

MPs who understand soccer as profoundly as they seem to the social causes of vandalism, squabble about the supposed correlation between the backing tactics of the England team and what happened on the terraces. They want passports withheld from young thugs; they blame soccer, as if the liquored minority attaching itself to the games' publicity glare is representative. They waffle, hoping the problem will fade.

And soccer authorities? Impotent. The English F.A. wants to abdicate responsibility, to disband official travel club and ask other countries not to admit Englishmen. FIFA, the world rulers, say they will, in good time, probably fine the English F.A., but not bar the team. How ambiguous can they be? UEFA, the European authority, made the same futile distinction after the Turin riot last year.

'Benign and Elderly'
Their logic has stunning basality. But then, soccer administration would win any diploma in illogicality. The English F.A. last summer blamed heavy-handed Italian riot police for Turin's ugly fighting. It now derides "benign and elderly" Swiss law enforcement for standing and watching hooliganism. They demonstrate ignorance with every mouthful.

The troublemakers, say the F.A., will meet their match in totalitarian Hungary "if they step one inch out of line." Really? Where were the F.A. observers in the Nep Stadium a fortnight ago when hordes of youths ran wild? They smashed down a wire fence and baited Romanians — whose police stood as benign as any Swiss.

Why? "We are a forgiving people," said one politician. "Young people will make mistakes. Besides, it is nothing like English hooliganism."

No, not yet. But 20 minutes after that exchange of views, I attempted to use a public telephone. It had been vandalized.

NASL Standings

EASTERN DIVISION				
	W	L	OT	PTS
New York	4	3	17	23
Washington	8	4	15	23
Montreal	5	6	18	17
Toronto	4	8	17	17

SOUTHERN DIVISION				
	W	L	OT	PTS
FL Panthers	8	5	19	16
Atlanta	5	8	19	16
Tampa Bay	5	8	19	16
Jacksonville	5	7	12	17

CENTRAL DIVISION				
	W	L	OT	PTS
Chicago	9	3	14	27
Tulsa	4	5	18	15
Minnesota	4	5	18	15
Dallas	2	11	9	8

WESTERN DIVISION				
	W	L	OT	PTS
San Diego	8	4	21	18
San Jose	6	7	12	18
Los Angeles	4	7	12	15
California	5	7	12	15

NORTHWEST DIVISION				
	W	L	OT	PTS
Vancouver	7	4	20	24
Portland	4	5	19	18
Edmonton	4	7	16	18
Calgary	3	9	12	11

Major League Standings

NATIONAL LEAGUE

	W	L	Pct.	GB
Philadelphia	28	17	.619	0
St. Louis	26	17	.605	2
Montreal	26	20	.565	5
Pittsburgh	26	20	.565	5
New York	25	20	.558	6
Chicago	19	23	.452	12

	W	L	Pct.	GB
Los Angeles	24	15	.615	0
Cincinnati	24	20	.545	5
Houston	24	20	.545	5
San Francisco	22	24	.476	9
Atlanta	22	24	.476	9
San Diego	19	29	.396	14

	W	L	Pct.	GB
Baltimore	28	16	.636	0
Milwaukee	27	20	.574	1
New York	26	20	.565	2
Cleveland	25	20	.558	3
Seattle	24	24	.500	6
Detroit	24	24	.500	6
Toronto	18	27	.398	12

	W	L	Pct.	GB
Oakland	26	17	.605	0
Chicago	26	17	.605	0
Texas	26	17	.605	0
Minnesota	24	20	.545	2
Kansas City	16	25	.391	10
Seattle	17	21	.444	9
Minnesota	14	28	.333	14

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vice a year, Paul Weiss, professor of law at the George Washington University in Washington. "Philosophic Inquiry," says he of New York attorney, in Baltimore. "Baseball is something we've said Weiss "It is a beautiful

